United States Court of Appeals

for the Second Circuit

EXHIBITS

74-1969-2341-2366

United States Court of Appeals

FOR THE SECOND CIRCUIT

IIT, an International Investment Trust, and GEORGES BADEN, JACQUES DELVAUX and ERNEST LECUIT, as Liquidators for IIT, an International Investment Trust,

Plaintiffs-Appellees-Cross-Appellants,

—against—

VENCAP, LTD., INTERVENT, INC., INTERCAPITAL, N.V., RICHARD C. PISTELL, CHARLES E. MURPHY, JR., DAVID TAYLOR and HAVENS, WANDLESS, STITT & TIGHE,

Defendants-Appellants-Cross-Appellees,

and

WALTER BLACKMAN,

and

ROBERT L. VESCO, MILTON F. MEISSNER, NORMAN LeBLANC and STANLEY GRAZE,

Defendants.

EXHIBIT VOLUME

(Volume IV—pages 1484A to 1954A)

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jhs

SECURITIES AND EXCHANGE COMMISSION 1484A

vs. 72 Civ. 5001

ROBERT L. VESCO, et al.

New York, April 17, 1973;
10.15 o'clock a.m.

***

(Hearing resumed.)

R I C H A R D P I S T E L L , resumed.

THE COURT: On the application for the grand jury minutes of Mr. Dodd's testimony, I am going to enter an order directing -- I guess what the order should do is direct the U. S. Attorney to turn the minutes over to me. I have still the doubts that I indicated the other day as to whether or not they should be made available to counsel in any event, but at least I am going to take this first step.

I take it that the proper procedure is for me to enter such an order.

Do you have any view on that, Mr. Feldman?

MR. FELDMAN: No, I don't, your Honor.

THE COURT: I guess that is the way I get the

MR. FELDMAN: I would assume that is the proper

year.

Q So you've got about an eight-year program?

A I would give it an eight-to-ten-year program, but historically in the area you are in, you go for five years, and you find another five years, and you find another five years.

Q And FCF Prop has an option on --

A 500,000 shares.

Q And that is out of 3,700,000 shares outstanding?

A That is correct.

Q Or approximately 12 per cent of the equity of Chibex Mining?

A That's correct, sir.

MR. KUSHNER: That also is based on a $90 a ton price --

THE WITNESS: No. $90 an ounce.

MR. KUSHNER: I am sorry. $90 an ounce?

THE WITNESS: An ounce. 1485A

Q Now, Mr. Pistell, can you tell us again when you and Mr. Graze first discussed the concept of Vencap?

A Yes. When I was first looking at the Out Island Airline deal.

Q Tell us when that was.

A I would say that started somewhere in 1971, when I started to work on it.

Q So some time in 1971 you started to work on the Out Island Airline deal. What does that mean?

A I started to take a look at the financing needs, and it was a very small regional carrier within the islands, and I started taking a look at the financi needs, and some people came to me and asked me if I could take a look at it and help them out and see what they needed.

Q And by that time you had already been preside of the company that controlled Frontier Airlines and a director of British West Indies Airlines?

A That's correct. I was chairman of the board of Frontier Airlines.

Q And Out Island Airlines flies from where to where?

A They flew within the Bahamas. They are also certified by FCC as the only airlines from the Bahamas for entry into the United States from the Bahamas.

Q And you were talking to Mr. Graze about this Out Island Airline deal that you were looking at; is that correct?

A That is correct.

Q And that was at or about the time when he asked you if you would look at the portfolio of some of the funds?

A When I had been in London, yes, I took a look at some of the things.

Q When you say you took a look at some of the things, were some of the things you look at investors in closely held situations?

A Well, a lot of them were very closely held. They were private companies.

Q They were funds; they were moneys; they were investments that the funds had made in private companie

A Yes. Right.

Q In the prior years --

A In the years prior to the Kornfeld management

Q Prior to the years Mr. Kornfeld had been manag of IOS?

A That's correct.

Q And there were a number of so-called restricte investments?

A There were millions of dollars.

Q And they were not United States marketable securities, were they?

A No.

Q They were in special situation, were they not?

A That is correct.

Q And you had represented yourself to Mr. Grazc as someone who had had experience in special situations had you not?

A Well, he would know that I had been in a lot of turn-around situations, yes.

Q Turn-around situations or work-out situations

A Right.

Q Meaning situations where the companies had not prospered as well as might have been hoped, and with some new management and new capital they developed

A Right.

Q And, as I recall, you stated on direct that he offered you a job?

A Well, he wanted to know if I would have an interest in coming with the staff and try to work out a lot of these situations that they had their money ti up in.

Q And you told him that you wouldn't but that you would be interested in working with them on develo new investment potentials?

A I told him I took a look at a couple of the situations and that they were really for liquidators and not turn-around situations. In turn-around situ

you've got to have some life left.

Q And there you also told at that time that there had been a pattern of activity by the funds during the Kornfeld regime by which fund money was turn over to particular managers for --

A I had heard of that, yes.

Q -- for investment?

A I had heard -- I don't know -- Fred Alger -- people would receive money from the funds and had gotte a certain percentage.

Q You heard of Fred Alger?

A Yes.

Q And you heard of Carlyle Jones and Dean Miles

A No. I haven't heard of them.

Q And Marty Solomon?

A Yes. I had heard of him.

Q And you heard that there had been a pattern by which blocks of money were, in one form or another, put in the management of particular --

A Well, that's today's --

Q In the hands of managers who participated in the profits to be made?

A Right. That's known as hedge funds here.

Q And that is a typical hedge fund arrangement

A I've never had a hedge fund, but I imagine that's the modus operandi. 1490A

Q But you are familiar with the fact that there was, as you call, a modus operandi that had developed in the United States for the creation of hedge funds?

A That's correct.

Q And the hedge fund was a situation where people invested with or turned money over for investment to an investment adviser or portfolio manager, who then had an interest in the equities?

A That's correct.

Q Without putting up any money of his own?

A Yes.

Q And you discussed the hedge funds situation with Mr. Graze?

A I told Mr. Graze that I would be interested in the handling of some of the money if I could be in a position to make a capital gain.

Q And that is what both of you talked about when you talked about the formation of Vencap?

A I was really looking forward to the Out Island at that time.

Q You were looking at it as your first transaction?

A Yes.

Q And you had done a lot of investigation about it?

A That's correct.

Q Were you prepared to put some of your own money in Out Islands?

A I was prepared to put up some money with a group of people in Out Islands.

Q In fact, you had had a commitment with a group of people to put up funds for Out Island?

A I was prepared to put up some funds for the Out Islands.

Q So when Vencap was formed, you had in mind the Out Islands transaction?

A That's correct.

Q And did you have in mind any other transactions at that time?

A Specifically at that time?

Q Yes.

A Not really specifically, at that time.

b4

Q And when you suggested that you would be interested in some kind of a hedge fund type of arrangement with Mr. Graze, he suggested that perhaps they would make available $3,000,000?

A ...That's right, with an option to buy for $3,000,000 if the deals continued and would be successful.

Q You were not aware of how much money had been made available under such arrangements to others?

A No.

Q In the Kornfeld management?

A No. There were millions there.

Q You didn't know that Alger had $95,000,000 at one time, and David Reid $22,000,000 and Dean Miles and Carlyle Jones $61,000,000 and Marty Solomon $16,000,000?

A No. If I had known, I would have asked for more.

Q Did Mr. Graze ask you for any interest, his in this transaction?

A No, sir.

Q Did you ever discuss the Vencap transaction? Was Vencap ever discussed, or were you ever asked on behalf of Vencap to put money on deposit at ECB?

A Well, Mr. LeBlanc indicated after closing that he would like to get some of the money that was done, and I told him that if he could be competitive on rates, that he would get some.

1493A

Q And what has been the average balance that you have maintained over that period, since Vencap was formed, with ECB?

A I would say $20,000 to $40,000 on call account. That's on an interest-bearing account, and when checks are drawn against it, that's deductible.

Q And that is out of the $3,000,000?

A Yes.

Q And how much is it now?

A I would say, I would say approximately $15,000 or $20,000 on call account.

Q And when did the Vencap transaction close, if you recall? That is, when did Vencap receive its money from ITT?

A In 1972. I would say approximately August.

MR. TAYLOR: October.

THE WITNESS: October.

Q October of 1972?

A Right.

Q And that, again, was a transaction in which the papers had been passed on by Wilkie Farr & Gallagher?

A I wasn't at the closing.

Q All right. But in the course of the discussions and the negotiations, the transaction was worked on by

Willkie, Farr & Gallagher, was it not?

1484A

A That's correct.

Q And by Havens, Wandless, Stitt & Tighe?

A Yes, sir.

Q And also by Bahamian counsel?

A That's right. Carlson Lawson.

Q This wasn't something that was closed anywhere in a back street or in an alley somewhere or in the dark? It was done out in the open, and documents representing Plaintiff's Exhibits 259 through 278 were drawn and passed upon by counsel?

A Right.

Q And opinions of counsel as to legality were issued?

A That is correct, sir.

Q And in connection with the Out Island Airways debenture financing, I show you --

MR. FELDMAN: Will you mark this, please.

(Defendant IOS Exhibit X marked for identification.)

Q (Continuing) Were these the closing papers, the closing statement?

A That is correct, sir.

Q IOS Exhibit X for identification?

A Yes, sir. These were the closing papers.

Q And that was in connection with a debenture offering which was purchased by Vencap?

1495A

A That is correct, sir.

Q Again, worked on by counsel?

A Yes, sir.

Q By Bahamian counsel?

A Yes, sir.

Q And by Havens, Wandless, Stitt & Tighe?

A That iscorrect, sir.

Q And what was the amount of that financing?

A Eventually, $662,000, six-year, 9 per cent debenture, which has been done. And I add to that, on the $562,000 debenture we received 6,000 shares of stock

Basically, that stock, even though we paid, I believe, $10 for 4,000 and twelve for another, the face amount of the debenture is the $662,000, so that the stock in reality cost Vencap nothing. It gets the $6,000 stock as a bonus or a placement fee, and we just received our first interest of $12,000.

Q That is a viable investment, is it not?

A Yes, sir. Right now the investment is. The government of Bahamas have decided to make a national flag carrier and build a nucleus around this airline, and

14-96A

I'm not in the negotiations, but they are going forward with a proposal to Out Island Airlines.

THE COURT: Mr. Feldman, is this a good time to break for a recess?

MR. FELDMAN: Probably so, your Honor.

THE COURT: The document you have just handed me, which I guess is IOS Exhibit X --

MR. FELDMAN: Yes, your Honor.

THE COURT: The papers which appear under--

MR. FELDMAN: The closing statement. It's missing. That's the way I got it back from the SEC. It was left with them in connection with the investigat: transcript, and nobody seems to know what has happened to it.

MR. KUSHNER: I don't recall ever seeing it.

(Recess)

MR. KUSHNER: Your Honor, this is a copy of the Department of Commerce bulletin that I referred to the other day. (Handing to the Court)

Q Mr. Pistell, coming back to Chibex just for one moment, I believe in part of your testimony you were referring to the document marked Defendant IOS Exhibit W for identification, consisting of a long chart.

A Yes, sir.

THE COURT: All right. We will wait until Mr Kushner has had a chance to look at it before we decide whether we will receive it. 1497A

Q Now, Mr. Pistell, I believe the closing between Vencap and IIT in respect of the $3,000,000 investment made by IIT was October 9, 1972; is that correct?

A I believe it was.

Q And since that time, am I correct that there are three investments that Vencap has made, the first being Out Island Airways, the second being the purchase of shares of Lincoln American, and the third being the loan to Intercapital?

A That's correct, plus they made other investments of shares on the New York Stock Exchange and over-the-counter during that period, and they have also bought CD's. They have also bought Eurodollars.

Q But in terms of what one might call long-term investments or investments of other than cash or cash items, the principal investments are the Lincoln American Corporation, Out Island Airways and the Intercapital loan?

A That is correct, sir.

Q Now, with respect to the purchase of the

shares of Lincoln American --

1498A

A Yes, sir.

Q -- when was this made?

A I would say over the past five or six months.

Q And that was a market transaction?

A Yes. That was bought on the American Stock Exchange.

Q And it was after you had severed your relationship as an officer or director --

A That is correct.

Q -- of Lincoln American Corporation?

A Yes, sir.

Q Did you have occasion to report that transaction by Vencap to the SEC?

A Yes; we did, sir.

Q Can you tell me how that was reported and when?

A I can tell you that Mr. Taylor files these things for me in accordance with the regulations. We try and follow the regulations, and he filed the report. I believe there's a new law existing that I have been informed of that for a six-month period after you have terminated your position as either an officer or director you have to file the reports.

Q So this is in effect a report that you filed

under Section 16 of the 1934 Act?

A I don't know what section, but it was filed.

Q It was a Form 40, do you recall?

A Right.

Q And at what price did you buy that stock?

A Approximately $4 a share. Maybe a little und $4.

Q Will you tell me what price it is now approximately?

A I would say it's approximately 3-5/8 to 3-7/8 at the moment. All the life insurance stocks wer affected over the last few weeks because of the Equity Funding case.

Q And Lincoln American is essentially an insura company stock?

A Yes.

Q And it was Lincoln American Corporation that you were interested in that was respons ible for your being interested in International Reinsurance Company; is that correct?

A That's correct. That is one of the reasons, sir.

Q And there has been a lot of testimony about how you bought out Mr. de Riencourt and sold some stock

or had Vencap sell some stock to Mr. Blackman? Do you recall that?

A Yes, sir.

Q Did that have anything to do with your interest in IRCO?

A With Mr. Blackman?

Q Yes. Your making the stock available to Mr. Blackman.

A Mr. Blackman, number 1, is a graduate of the London School of Economics. He's a licensed work permit agency in the Bahamas, in the insurance business, and one of his main businesses is aircraft hull insurance and one thing I am looking forward to is to get insurance on the Out Island Airways, plus other entities, where I have been negotiating to go into the reinsurance business, also in the shipping business.

THE COURT: Aircraft-- what insurance?

THE WITNESS: Hull insurance, where you insure the hull of an aircraft against, you know, demolishing, accidents, etc. It is a very large type of business, and right now I think the premiums on Out Island, now they have a jet, are up to $300,000 or $400,000 a year.

Q So that was part of your reason for interest in IRCO? You were interested --

15C1A

A Yes. Well, it was in the reinsurance busines and had a license in the insurance business in the Bahamas.

So everyone can understand, to be able to work there, you have to have a government permit, and you also have to have a license, whether you are an investment counsel, insurance broker etc. -- granted by the government of the Bahamas.

Q And that was your principal reason in wanting Mr. Blackman as a principal in--

A That is one of the reasons, yes.

Q -- in Vencap?

A Yes.

Q And it was one of your reasons?

A Yes.

Q And what were your other reasons?

A Well, number 1, he is a very good economist. He's a graduate of the London School of Economics, and he has a very good head on him, and he could also help m in negotiating some of the other transactions that I'm mixed up in.

Q And he now owns 50 per cent of the common sto of Vencap?

A Yes.

1502A

Q Now, with respect to the loan to Intercapital --

A Yes, sir.

Q -- as I understand it, and the transaction from the documents which the government has introduced in evidence, Vencap made a deposit in a Swiss bank?

A That is correct, sir.

Q And the Swiss bank in turn made the loan to Intercapital?

A That is correct, sir.

Q And the Vencap deposit in the Swiss bank is at risk as collateral for that loan to Intercapital?

A Will you give me that last sentence again, please?

b6

Q The deposit which Vencap made in the Swiss bank is at risk, in that it is collateral for the loan which the Swiss bank made to Intercap?

A The loan is collateralized by the shares that the loan is against.

Q We will get to that --

A Right.

Q We will start back a step.

A Right.

Q The deposit in the Swiss bank --

A Is in a CD.

Q Is in a CD?

A Right.

Q And that CD is pledged to the Swiss bank as collateral for the Swiss bank's loan to Intercap

A That is correct, sir.

Q Intercap in turn made a loan to you?

A That is correct, sir.

Q And you in turn furnished collateral not t Intercap but to Vencap?

A That is correct, sir.

THE COURT: When you say "you" --

MR. FELDMAN: I mean Mr. Pistell.

THE WITNESS: That is right.

THE COURT: I beg your pardon?

THE WITNESS: To me, sir.

THE COURT: To you personally?

THE WITNESS: That is correct, sir.

Q So that the Vencap position consists of a CD in a Swiss bank?

A At 8-1/2 per cent.

Q At 8-1/2 per cent, a $590,000 CD?

A That is correct, sir.

Q But because that CD was hypothecated to Intercap, which in turn loaned money to you --

1504A

A That is correct, sir.

Q -- you have posted collateral to secure Vencap?

A That is correct.

Q Against loss of that CD?

A That's correct.

Q Now, will you tell us what that collateral consisted of?

A That collateral roughly is approximately 20,000 some-odd shares of a company called Flag-Redfern Corporation, plus Vencap has the right to buy for three years an option at $12 a share on 2,028 shares of the Flag-Redfern Corporation.

Q And what is that corporation?

A Flag-Redfern.

Q Flag--

A Redfern. Flag-Redfern.

Q Flag-Redfern?

A Yes.

Q And what is Flag-Redfern Corporation?

A Flag-Redfern Corporation is in the oil and gas business.

Q And does that corporation own oil property?

A Yes. Very substantial.

1505A

Q Is that producing property?

A Yes, sir.

Q Property with reserves?

A Yes, sir.

Q Is there a valuation --

A Yes, sir.

Q -- on the collateral that was posted with Vencap for that loan?

A Yes, sir.

Q And how much is that collateral valued at?

A The report, certified reports by Bailey & Styx in Texas, that does most of the work for companies in Texas, insurance companies etc., show the future net income at $20,000,000.

Q And what value was ascribed to the capital of Vencap?

A There was a future value of $40 a share on the stock.

Q $40 a share on approximately how many shares?

A Approximately --

Q How many shares did you post as collateral?

A 20,000 some-odd shares.

Q So that there is approximately a $100,000 --

A Right, but they also own interest in natural

1506A

gas companies etc., plus they have what we call a carried interest.

Q I was coming to that. You also gave Vencap a carried interest in the oil properties owned by Redfern?

A I gave it to them in my stock, because the corporation went from a partnership on a step transaction to a corporation.

Q I see. And would you explain to us what you mean by a carried interest and how much of a carried interest there was?

A Well, I took my original depreciated cost and calculated it out on the new merger and put Vencap in at an option price on approximately 10 per cent of the loan at $12 a share.

MR. LIMAN: What is a carried interest?

Q What do you mean by a carried interest?

A Well, a carried interest is an option at no cost, but in the oil business, when you do loans with insurance companies or banks, they usually ask for a carried interest in the property.

Q Well, by "carried interest," you mean an interest in oil property, do you not, by which the owner of the carried interest is not required to put up a

pro rata share of development or drilling costs?

A That is correct, sir. 1507A

Q But is nevertheless entitled to a pro rat share of any profit?

A That is correct, sir.

Q And the pro rata share of cost comes out of the profit, if, as and when earned?

A That is correct.

Q But there is no cash requirement for the person having the carried interest; is that correct?

A That's correct.

Q That is what you mean by a carried interest

A That's a carried interest.

Q So that Vencap has a 10 per cent carried interest in that oil firm?

A It has a 10 per cent option for three years on those shares at the depreciated cost of $12 a share

Q In addition to the carried interest?

A No. That is the carried interest. In other words, it went from a step transaction partnership to a corporation, and I have evaluated those shares on th lower basis for an option to Vencap.

Q And was there a valuation placed on that option to Vencap?

A Yes. A valuation by other people in the business, and they valued that at approximately a $50,000 to $60,000, $70,000 house, if you want to call it that.

Q Would it be fair to say, therefore, that the CD which belongs to Ms. Kap, which is at risk on the loan, is secured --

A In my opinion, yes, sir.

Q -- is secured first of all by your personal signature?

A That's correct, sir.

Q And secondly by the collateral that you have described?

A That's correct, sir.

Q And that the collateral you have described you believe to be worth approximately $900,000?

A Yes. If there was -- yes. That is correct, sir.

Q Now, before making that loan or going through that arrangement, did you discuss it with Mr. Grant?

A No; I did not, sir.

Q Before purchasing the Lincoln Lincoln shares, did you discuss it with Mr. Grant?

A I have discussed the insurance business in general, but I don't discuss every investment I make wit

1509A

those gentlemen; no, sir.

Q. What did you do with the proceeds of the loan to you?

A Number 1, a major portion I had to pay some U.S. Government taxes and some state taxes.

Q How long a term --

A And a bank loan. There was a bank loan before the government, so I had to pay the bank off, too.

Q How long a term is there on that loan?

A A three-year option, three-year loan.

Q And did any part of the proceeds of that loan to you go to any other defendant in this case?

A No, sir.

MR. GREEN: He is not a defendant in this case.

THE WITNESS: No, sir. I'm not a defendant.

Q Any of the defendants in this case? Excuse me.

A No, sir.

Q Or to anybody else?

A No, sir.

Q Except you?

A No, sir.

Q And it was used by you in payment of your own obligations?

A That's right, sir.

Q None of which were obligations to any of the defendants?

A That is correct, sir.

Q Now, I believe it was after the formation of Teracap --

THE COURT: Excuse me, Mr. Feldman.

Mr. Grand, could I see you for a moment over here?

Go ahead, Mr. Feldman.

Q Now --

MR. FELDMAN: I withdraw the other question.

Q The only other transaction you contemplated for Teracap, as I understand it, was the INCO transaction; is that correct?

A That is correct, sir.

Now -- no. Let me just say that I am constantly looking for --

Q Yes. But as of today, the only transaction you have seriously explored is the INCO transaction; is that correct?

A I have also been exploring the insurance business very heavily, besides INCO.

Q Since the failure of the INCO transaction to close?

A That is correct, sir. -1511A-

Q So you had an interest in putting Vencap into the insurance business, whether or not you could make the IRCO deal?

A I am going to, if I can.

Q And was the IRCO deal your idea or Mr. Craze's

A It was basically my idea, because of the licensing of the corporation.

b7 Q And nobody in ICS suggested that transaction to you initially, did they?

A No.

Q How much money was involved in the IRCO deal?

A Oh, dear, we get back -- it was roughly --

MR. TAYLOR: $2,500,000.

THE WITNESS: Roughly $2,500,000.

Q Now, it was during the period in which you were negotiating the Vencap arrangement, was it not, between July and October, 1972, that you made your first trip to-or between June and October, 1972, that you made your first trip to Costa Rica?

A That's correct, sir.

Q The first time you went down to Costa Rica whom did you go with?

A I went myself.

Q That was because of what Joe Burke had told you about Costa Rica?

A That's correct, sir.

Q You weren't sent down there by any of the IOS personnel or any of the IOS entities?

A No, sir.

Q Nobody paid your expenses going down there?

A No, sir.

Q When did you first hear about San Cristobal?

A I first heard about San Cristobal I would say on my first visit to Costa Rica.

Q What did you find out about San Cristobal on your first visit to Costa Rica?

A I went up to visit the property and met the management and took a look at the products and they told me that they needed working capital and we went over the cash flows and budgets, et cetera.

Q So at the time you went down to Costa Rica with Mr. Vesco in June of 1972 -- is that correct?

A I believe the record will show that is the date.

Q You had already seen the San Cristobal property?

1513A

A Yes, sir.

Q And you knew, did you not, that the company had been in business since 1928?

A Yes.

Q That it initially had been in the coffee and banana industry and that it had then expanded its coffee enterprises in the 50s and was growing sisal, is that correct?

A Well, they had some sisal, yes.

Q Did you also know that they were in the plastics business?

A They were in the fabricated plastic business.

Q They were also in the prefabricated housing business, were they not?

A They were in the prefabricated housing business.

Q You knew who the management of San Cristobal was?

A Yes, I did.

Q You knew the people in management?

A Yes, I met most of the staff.

Q You knew, did you not, that they were trying to diversify out of the coffee business and expand the industrial aspect of their enterprises, is that correct?

A Yes.

1514A

Q Did you know what the ownership structure was?

A Not specifically, no.

Q Did there come a time when you found out?

A I knew the Figueres family had an interest in it and Mr. McAlpin had an interest in it.

Q By Mr. McAlpin you mean directly or through Capital Growth Fund?

A That I never knew.

Q You knew that essentially it was owned by the Figueres family and by Mr. McAlpin or some interest --

A Were major stockholders.

Q Were you also aware of the fact that San Cristobal had determined to leave the coffee business because of the high labor cost that was developing in Costa Rica?

A I didn't know if it was because of the labor cost. All I knew is really the direction they wanted to go in was the prefabricated housing business.

Q But you knew there was an improved standard of living developing?

A That is correct.

Q You knew there was an improved wage structure developing, did you not?

A That's correct, sir.

* * *

THE COURT: I think, Mr. Feldman, if this suits

Corporation.

MR. KUSHNER: No objection.

THE WITNESS: This had to get tax approval.

THE COURT: All right.

(Defendant IOS Exhibits Y and Y-1 received in evidence.)

BY MR. FELDMAN: 1515A

Q Also, just before the luncheon recess, Mr. Pistell, we were discussing your first trip to Costa Rica.

A Yes.

Q And the fact that you had visited the San Cristobal plant?

A That is correct, sir.

Q And you had gone through it and reviewed, I think you said, some cash flow projections?

A That is correct, sir.

Q And reviewed the history of the company?

A That is correct, sir.

Q And you also reviewed the background of the company management?

A I read the feasibility study that had been made up.

Q And you looked at the study on the manufacture

of low-cost housing?

A That is correct, sir. 1516A

Q And this is the study that you then discussed with Mr. Vesco and invited him to come with you to Costa Rica?

A That's the study that he saw when he came to Costa Rica, yes.

Q When you told him about it?

A That's the one in the green cover. It's basically -- I can't tell you that that is the one, but that is a similar copy.

Q And that is the copy marked Exhibit N for identification?

A Yes, sir.

Q And does this appear to be the same as the document you looked at?

A Exactly.

Q And that you saw Mr. Vesco look at?

A That is correct, sir.

MR. FELDMAN: I offer it in evidence.

MR. KUSHNER: Your Honor, I have some questions on the voir dire.

VOIR DIRE EXAMINATION

BY MR. KUSHNER:

Q Who prepared this document marked ICS Exhibi N for identification? 1517A

A That's prepared, I believe, by the accountan for the company and the people within the company, Mr. Kushner.

Q Who were they?

A The only one I really ever met or talked to was Marti Figueres. I met the other accountants, and I met the people in the office, but I did not actually sit down and go over the accounts and the figures with the people that made the cash flow up.

Q Were they prepared at your request?

A I believe they were prepared before I got ther

Q Do you know for what purpose?

A I believe that they were looking for financing.

MR. KUSHNER: Your Honor, I will object to the offer of ICS Exhibit N for identification on the ground that I don't really think this is an exhibit that can be offered through Mr. Pistell, and I note in passing that it appears to have --

MR. RAICHLE: Keep your voice up, I can't hear you, and I am right behind you.

MR. KUSHNER: I not in passing that this document appears to have an abundance of projections and

not one actual financial statement for San Cristobal.

MR. FELDMAN: Your Honor, I am not suggesting that it is a prospectus that complies in all respects with the Securities Act of 1933, but that is the document that was shown to Mr. Pistell by the people in San Cristobal when they were seeking financing. It was the document that he reviewed, on which he based his suggestion to Mr. Vesco that there might be a good investing climate in Costa Rica. It is the document that he saw Mr. Vesco review prior to the investment by the ICS entities in Cristobal. It is not as to the truth of any of these, but these are the statements that were available, the diagrams, projections, and the other things.

THE COURT: All right. I will receive it for that purpose.

(Defendant ICS Exhibit N for identification received in evidence.)

THE COURT: What are the numbers on the exhibit designations on the two that were handed to me before?

MR. FELDMAN: Y and Y-1. The text material was Y and the document which has financial information on the first page is Y-1.

BY MR. FELDMAN:

Q Now, I believe you also testified on direct examination that essentially it was Dr. Meissner who reviewed the San Cristobal operation; is that correct?

A That is correct, sir.

Q And were you present at the negotiations between Meissner and the principals of San Cristobal?

A No, sir. I took Dr. Meissner, met him in San Jose. I took him to La Lucha, where San Cristobal is located. He had another gentleman from London with him, and I believe Dr. Meissner has had a background in the construction and prefab business. I was not on hand during the negotiations.

Q But you had made it clear that you were to get a finder's fee with respect to that transaction; is that correct?

A That is correct, sir.

Q And that was to be $150,000?

A $150,000, of which Joseph Burke was to receive fifty and I was to receive a hundred.

Q You gave Joseph Burke -- Joseph Burke received $50,000 of that finder's fee at the closing?

A That is correct.

Q And you received $100,000?

A That's correct.

1520A

Q And what did you do with that $100,000 that you received?

A I deposited it in the bank.

Q Did you invest it in anything?

A I started up -- spent a great deal of it on starting-up costs on Vencap.

Q Those were your start-up costs on Vencap?

A That's correct, sir.

Q Now, I don't want to go through again, Mr. Pistell, the full log of all the trips you took on what has come to be known as the much-discussed 707, but isn't it a fact that on most of the trip you took on the 707 you were accompanied by members of your family?

A I was accompanied by members of my family on several trips; yes.

Q And isn't it true that on other trips Mr. Vesco was accompanied by members of his family?

A Yes; it was, sir.

Q And isn't it a fact that on most of these trips you were not discussing business but the airplane trip itself was a rather social occasion?

A That would be my part, yes.

Q Did you generally have a drink or two? Is that correct?

A Yes. That's correct, sir.

Q Did you have something to eat?

1521A

A That's correct, sir.

Q You talked about events of the day, and the two and a half hours between Newark and Nassau --

A Well, and a lot of times he had his own people and staff around him, and I pretty well kept to myself.

Q But you did no negotiating with him on these flights, did you?

A No.

Q Did you ever see anybody negotiate or overhear anybody negotiate anything?

A I saw many conferences on the plane, yes.

Q Conferences mostly among Mr. Vesco and his staff?

A Yes.

Q You didn't see conferences between Mr. Vesco and people on the other side of a transaction?

A No. No, his staff.

Q And then I believe you testified that the first trip you had was in February, when you were on the plane going from Nassau to Newark, and the people on board with you were Mr. Vesco and Mr. Straub. Was there anybody on there connected with any other transaction,

that you know of?

A Not that I know of, but I can't remember th date of the trips, specifically, who was on board the plane.

Q Now, February 22nd, you were on board with Mr. Robert Vesco, Mrs. Pat Vesco -- that's Mrs. Robert Vesco, isn't it?

A Yes.

Q And Bobby Vesco?

A Yes.

Q Also sometimes known as Robert L. Vesco, Jr.

A Right.

Q And Tony Vesco?

A Right.

Q Another son?

A Yes.

Q And Dawn Vesco?

A Right. We had a whole planeload of children.

Q And Mrs. Shirley Bailey, his secretary?

A Yes.

Q And Charlie Fable. Do you know who he is?

A Yes.

Q Mr. Straub and you and Mr. Al Simpson. Do you know who he was?

b4

A No.

Q You didn't overhear any discussion or negotiations or discussions of business transactions?

A No, sir.

Q Do you recall, on any of the trips hearing negotiations or business discussions?

A Well, Mr. Vesco did a lot of dictating during the trips to Mrs. Bailey.

Q He worked on the trips?

A Yes.

Q And he dictated also to a dictating machine?

A Yes.

Q And how long was the trip, generally, from Newark to Nassau?

A Two and a half to two and three-quarter hours

Q Now, in any of the discussions or conversatic you ever had with Mr. Vesco or with any of his staff, did you ever hear of anybody talking about taking advantage of the funds, the mutual funds that IOS and the entities managed?

A No.

Q Did you ever hear anybody talking about looting any of the funds?

A No.

1524A

Q Did you ever hear anybody talk about taking advantage of any of the investors in the funds?

A No.

Q As a matter of fact, it was quite the contrary wasn't it?

A That's right.

Q You generally heard discussions about how to best protect the funds and the investors?

A Well, investments and deals.

Q Well, investments and deals, but always with respect to the best interests of the investors.

A From what I gathered, yes.

Q Did anybody ever pressure you--

MR. FELDMAN: Well, I withdraw that.

Q Mr. Pistell, at the time you testified before the Commission in this investigation on November 1, 1972, you were very anxious to cooperate with the Commission, weren't you?

A Cooperate with the Commission, yes.

Q You were very anxious to tell them everything you knew and make a good impression on them, were you not?

A I tried to tell the truth in everything I know.

Q And, as a matter of fact, you were aware, were you not, of the fact that at that time the Commission

1525A

was investigating an alleged violation of Sections 13(d and 14 of the '34 Act involving General Host?

A Yes, sir.

Q And you were aware of the fact that there was a possibility that the Commission might bring an action against you in connection with the tender offer of General Host and that whole Armour transaction?

A That's correct.

Q The Greyhound Bus transaction; is that correct?

A I would imagine so, yes.

Q And, as a matter of fact, you were very anxious to make a good impression on the Commission and the Commission staff at that time?

A I always try to do that with everything.

Q But particularly at this time you were aware of the fact that they were considering a lawsuit against you, and you were trying to obviate it, weren't you?

A I always try to do my best under all circumstances for everyone.

Q So is it fair to say that you were leaning backwards to make a good impression on the Commission?

A I would say I was with the Commission like I am with everybody, trying to do my job.

MR. KUSHNER: This is the fourth time around.

I don't mind if Mr. Feldman asks the question another eight ways, but the answer still will be the same.

THE COURT: Well, I will give him four more tries.

Q In fact, since you did testify in this investigative proceeding and before you came here to testify in this courtroom, they did in fact bring a lawsuit against you; is that correct?

A That is correct; yes, sir.

Q And that lawsuit is still pending in this district?

A I believe so, yes, sir.

Q And that lawsuit alleges that in connection with certain tender offers made in 1969 by General Host it violated Section 13(d) and Section 14 of the 1934 Ac

A I imagine those are the sections.

Q Do you recall how soon after the enactment of the tender offer sections of that 1934 statute this occurred?

A I believe this was fairly new law, and at that time I was an officer and chairman of the board. I relied on counsel at all times, and I have since relied on counsel. They reviewed the facts of the case, and tell me in their opinion it is without merit.

MR. FELDMAN: You may inquire.

BY MR. LIMAN: 1527A

Q Mr. Pistell, I will avoid repetition. I just want to cover some additional facts in the area that Mr. Feldman covered.

You are a resident of the Bahamas; is that correct?

A That is correct, sir.

Q Now, you have given testimony about your interest in Chibex?

A Yes, sir.

Q And your interest in mining goes back many, many years; am I correct?

A That's correct, sir.

Q You testified that you worked at a member firm of the Stock Exchange, Alstyne, Noel, in 1948?

A Yes, sir.

Q And you were there for about six years?

A That is correct, sir.

Q And while you were there you worked with a partner by the name of Edward Eliott?

A That is correct, sir.

Q Now, did Mr. Eliott have aspecial area of special interest?

A Yes, sir. He was a graduate of the Stanford School of Mining, and mining of natural resources was his specialty. 1528A

Q And did you work with him in the area of mining stocks and mining situations?

A Mining and natural resources, yes.

Q And then you joined with Mr. Elliott when he formed a firm of his own, in 1948?

A That's correct, sir.

Q Now, you testified about your interest in Goldfield Corporation; am I correct?

A Yes, sir.

Q Did Goldfield Corporation have a gold mine?

A Yes; it did, sir. The Getchell Mine in Winnenucca, Nevada.

Q Now, you mentioned Getchell, but it was the Goldfield Mine?

A Yes. It was shut when we took over the situation.

Q Did you open it while you were there?

A Yes. I did open it.

Q And did it become a producer of gold?

A It became the third or fourth largest producer of gold in the United States.

Q Now, you mentioned your interest in airline:

A Yes, sir.

Q And this antedates the time that you were presented to Mr. Graze the proposal for Out Island; am I correct?

A Yes.

Q You mentioned that through Goldfield Corporation you obtained the control of Frontier Airline?

A That's correct.

Q That is a carrier within the United States?

A Yes. It was the largest regional carrier.

Q And you say that you are a director or were a director of British West Indies Airlines?

A That is correct, sir.

Q Were you also a director of Caribbean Airlines

A No. That was a company that had an interest in British West Indies Airlines.

Q And did you have an interest in Caribbean Airlines?

A Yes.

Q What was the nature of that interest?

A That interest was merely being on the board of directors of British West Indies Airlines.

Q Now, were you also a director of the Thompson

newspaper chain?

A Yes. I have been a director of the Thompson newspaper chain.

Q You still are?

A No. I resigned all my boards in 1970.

Q And were you a director of the Executive Fund of Canada?

A Yes, sir.

Q What was that?

A That was a mutual fund in Canada.

Q Now, you testified that you were introduced to Mr. Vesco by Arthur Lipper in the beginning of 1972?

A That is correct, sir.

Q And at the time you met Mr. Vesco, he was chairman of the board of ICS?

A I believe he was, sir.

Q And at that time did you understand that International Control Corporation still maintained its interest in IOS?

A I did, sir.

Q Did there come a time when you learned that International Controls had sold its interest in IOS?

A There came a time Mr. Vesco told me he was no longer chairman of the board and they divested their interest, that he was acting as an adviser to IOS.

Q Did Mr. Vesco tell you he did not have authority to commit the funds to any investments?

MR. KUSHNER: Your Honor, may we fix a time? We have been talking about a time coming and I am kind of mystified about when it came.

Q Do you recall when it was Mr. Vesco told you that ICC divested itself of its interest in IOS and he was no longer chairman of the board of IOS?

A To my best recollection, it was in May-June, if I remember correctly.

Q Can you tell me whether or not he indicated at or about that time that he didn not have the authority to commit IOS to new investments?

A He made that very clear.

Q In fact you negotiated the Chibex Mining transaction with Stanley Graze?

A That's correct.

Q Did Stanley Graze ever say to you he needed Mr. Vesco's approval for that investment commitment?

1532A

A No, sir.

Q You had mentioned Chilex to Mr. Vesco earlier, had you not?

A That is true.

Q And it would be fair to say Mr. Vesco showed no interest in that?

A That is true, sir.

Q But Mr. Graze did show an interest?

A That's correct, sir.

Q And you got your investment commitment?

A That is correct, sir.

Q And it is something that you think Mr. Graze can be proud of as an investment decision?

A I think everyone can be proud of it.

Q You have given testimony which I will not review with respect to San Cristobal. You first presented that opportunity to Mr. Vesco, am I correct?

A I drew his attention to it, yes.

Q Did Mr. Vesco refer you to Dr. Meissner on this?

A Dr. Meissner came down and actually spent the time and made the commitment.

Q Did you understand that Dr. Meissner at that time was the chief security officer of IOS?

A I don't know what part of the complex he was

chief executive officer of, but he arrived in Canada to do the negotiations.

Q In Costa Rica, do you mean?

A That's right.

Q Did you discuss San Cristobal with Dr. Meissner?

A Oh, yes. He went all through it. He had another gentleman with him and they spent several days there.

Q In your conversations with Dr. Meissner did you discover he had an interest in Latin American?

A Yes. I believe he had been in the construction -- the prefab housing business in Mexico and possibly in California at one time.

Q Did he impress you as knowledgeable in that area?

A Yes, he impressed me as being knowledgeable. I am not a construction engineer as such, but he knew evidently what he was talking about.

Q Did he impress you as a man of independence?

A Yes, very much so.

Q Did he ever say to you that he needed Mr. Vesco's approval?

A No.

Q Did he impress you as a man who was subject to

the control of Robert Vesco?

MR. KUSHNER: Your Honor, I object to the question. I can't imagine a more vulnerable question than "Did he impress you as"? It is so subjective that I think we might just as well lay aside all the rules of evidence if it is going to be asked that way.

MR. LIMAN: I will withdraw that question, your Honor.

Q When I asked you before if Dr. Meissner impressed you as a man of independence, you said most definitely so. What was it that you based that observation on?

A Number one, I believe he is a physicist, for one thing. I believe he knows a great deal about cost, and mathematics. I believe he even may be a physicist. I am not sure about that. He is a man with complete opinions on countries, people and not always says everything to please but can be controversial at times. There were some of the production line methods which he told the people about in the plant that I think he could have done a little more, shall we say, diplomatically.

Q You never dound that he was reticent about expressing his opinion?

A No, he wasn't.

Q He didn't give you the impression of a yes man?

A No, he wasn't a yes man.

Q You also negotiated Vencap with Mr. Graze, am I correct?

A That is correct.

Q And that was an opportunity that you had presen rd him in London?

A First, yes; in London, that is correct.

Q In connection with that, did Graze every say he needed Vesco's approval?

A No, he did not say that, but on the final signing of Vencap, I believe it was Dr. Meissner that was in the Bahamas and signed the final agreement on Vencap.

Q In connection with the three investments of the funds that you were involved in, the Vencap, the Chiben, and San Cristobal, can you tell me whether Robert Vesco ever asked you to make any payments to him?

A Mr. Vesco has never asked me to make any payments to him.

Q Never asked you to share commissions?

A Never asked me to share commissions.

Q Never asked you for any kickbacks?

A Never asked me for any kickbacks.

Q Did Robert Vesco ever get a nickel from you for Vencap?

1536A

A No, sir.

Q Chibex?

A No, sir.

Q In San Cristobal?

A No, sir.

Q Is the same true of all of the other defendants in this room, in this case?

A That is correct, sir.

Q These were deals without any rebates?

A I wouldn't be a party to that, sir.

Q I don't mean to insult you, but I want this on the record that there were no kickbacks in any of those deals?

A No, sir.

Q You know that the SEC has charged these investments were vehicles for looting of the funds by the defendants? You are aware of that?

A No, sir.

Q Well, these are investments with which you are familiar?

A Yes, sir.

Q And none of the proceeds of any of these investments went to any of the defendants?

A No, sir.

Q And they never asked you for any?

A No, sir.

Q Were any of the investments that the funds mad with you in Chibex or Vencap conditioned on your depositi money at BCB?

A No, sir.

Q In fact, the million dollars that went into Chibex was deposited by you with the Canadian Imperial Bank?

A That's exactly right, sir.

Q And of the money that you received from Vencap I think you have testified that something less than $20,000 is in a call account?

A I would say a mean average of $28,000. We reviewed it every two years or a year and a half --

Q About six months --

A Right.

Q In any event, a mean average of $28,000, and i is now less than $28,000?

A Yes, because that is on a call account.

Q Which means you get interest?

A That's right.

Q You testified in answer to one of Mr. Feldman's questions that you asked Dr. Malouf to find a marginal

gold mine for you?

A That is correct.

Q What did you mean by that?

A When I talk about a marginal mine, I mean a mine that can show some cash flow and stay alive at a certain price level, but if there is an advance in the price can be profitable.

Q And the price level was that $35 to $40 price level that it would be able to stay alive at?

A That's correct.

Q And it would show a profit if it went above that

A Yes.

Q Dr. Malouf, you have given his credentials before, but I would like to ask you how did you meet Dr. Malouf?

A I met Dr. Malouf originally when I was bringing in a company called Tantalum Mining Corporation in Canada.

Q Was he introduced to you by Allen & Company?

A That is correct.

Q And they recommended him to you as a geologist?

A That is correct.

Q Charles Allen & Company?

A That is correct, sir.

Q That is a member of the New York Stock Exchange?

1539A

A No, that is a private banking house.

Q The one that brought out Syntex?

A I believe they had a very major interest in Syntex.

MR. LIMAN: Somebody back there said it has probably also been sued by the SEC. That I don't know.

THE COURT: Hasn't Syntex been sued by about everybody?

THE WITNESS: I think so.

MR. KUSHNER: If Mr. Liman wants to ask, he may find out Allen & Company has a substantial interest in Campbell Chibougamau --

THE WITNESS: If I may give you the background of it, Dr. Malouf was the finder of mean Campbell Chibougamau as a geologist and they started it as a wild-cat.

Allen's associate, Mr. Tony Henderson, put up the seed money for the mine and today I believe it has over 15 million dollars in cash in the bank.

3 MR. KUSHNER: How much?

THE WITNESS: Maybe 12. He has been their geologist in Canada, and all over the world, for most of their ventures.

MR. LIMAN: Thank you, Mr. Kushner.

MR. KUSINER: As someone who has held stock in Campbell Chibougamau, I intend to review this area.

BY MR. LIMAN: 1540A

Q There have been introduced in evidence some documents consisting of applications by Chibex for approv of the transaction with Conservative Capital, including the transaction with FOF Proprietary Funds.

Do you recall those documents?

A Yes, I do.

Q Am I correct that your lawyers had insisted tha the agreement between Chibex and your company, Conservati Capital, be conditioned on approval of the Quebec Securiti Commission?

A That is correct.

Q You understood that approval had to take place?

A That is correct.

Q And that an application would have to be filed?

A That is correct.

Q And that the copies of the agreements would have to be submitted?

A That's correct, sir.

Q Did you understand that FOF Proprietary Fund, Limited, was a Canadian Corporation?

A Yes, sir.

Q And you understood, therefore, that you were asking the Quebec Securities Commission to, among other things, pass on a transaction involving Tribex, one Canadian company, and FOF, another Canadian company?

A That is correct, sir.

Q Did any of the lawyers who surrounded you in this transaction tell you you needed the approval of the SEC of the United States?

A No. It was a Canadian company and was under the jurisdiction of the QSEC.

Q That approval came through?

A We applied and got all the approvals.

Q Am I correct, the approval was subject to certain conditions, including a press release and depositing escrow with the Canadian Bank of Commerce?

A Yes, sir.

Q Was it fair to say those conditions were complied with?

A All those conditions were complied with, sir.

Q In all of the transactions to which you testified you have been represented by your regular law firm, am I correct?

A That's correct, sir.

Q And you have been represented by them even in

connection with this transaction with the Netherlands Antilles Company?

A That is correct.

Q And the name of that company is Inter-Capital S.A.?

A N.V.

Q And your counsel prepared the documents on the transaction between Venture and Inter-Capital?

A That is correct.

Q The decision on making that loan was yours?

A That is correct.

Q You didn't ask anybody at IOS for approval?

A No, sir.

Q You didn't ask Mr. Vesco for approval?

A No, sir.

Q When you got the money for Vencap, am I correct that there were no strings attached to it?

A None whatsoever.

Q You had the right to make your own investment decisioins there?

A That is correct, sir.

Q And, in a sense, the funds were really investing in your judgment?

A That is correct.

Q And you understood that?

A I still do, sir. 1543A

Q You in fact had reviewed this transaction with Out Island Airways with Mr. Graze before he made the commitment?

A I told him I was contemplating it and looking forward to doing it.

Q You mentioned that you have met Mr. Vesco from time to time on the Island in the Bahamas, am I correct?

A That is correct.

Q Did you run into Vesco at a restaurant called, I think, the Cafe Martinique?

A Yes, sir, several times.

Q Did you shortly after this lawsuit was filed stop by his table and tell him that you were concluding a transaction between Vencap and Out Island Airways?

A Yes, I did mention it.

Q Can you tell me what Mr. Vesco's reaction was?

A Well, I don't think he was too pleased with it, to tell you the truth. I think that their bank had an interest to some people in the stockholders of the competing airline.

MR. KUSHNER: Can we identify their bank?

Q By the bank did you mean BCB?

1544A

A Yes.

Q What was the competing airline?

A Flamingo.

Q You nevertheless proceeded with this transaction?

A That's correct, sir.

Q Did Mr. Vesco also tell you that he thought that an investment of Bahamian Airline might create additional problems with the SEC?

A He indicated that he wished that no one else would be making any more investments in the Bahamas at that time.

THE COURT: When was this?

THE WITNESS: This was after the closing in 1972, sir.

THE COURT: So that would have been September, October?

THEWITNESS: When was the closing date of Outer Islands?

Q Was it after the lawsuit was filed in this case?

A I believe it was; yes.

Q The closing in Out Island Airways I believe was January -- it looks like December of 1972?

1545A

A Right.

Q I will show you Exhibit 285 in evidence, which is the check for a million dollars for the Conservative Capital Investment by FOF Prop.

A Yes.

Q The endorsement on the check is by David Taylor, assistant secretary, and he is your attorney?

A Yes,

Q And that is the person you have been turning to from time to time here to assist you with dates and other information?

A Right.

Q The check was from the Bank of New York, am I correct?

A That is what it says, sir.

Q Did anybody ever tell you that the Bank of New York had any hesitancy in issuing a check to Conservative Capital for a million dollars?

A Not that I know of, no.

Q There is a reference on the top of this document to Conservative Capital, Limited, a million dollars re Telex from Lederer & Bourgnon.

Mr. Lederer doesn't get the French pronunciation Have you ever met Mr. Lederer?

A No, sir.

Q Did anybody ever tell you Mr. Lederer had any reservations about this transaction with your company?

A No, sir.

Q Do you know anything about what his Telex was to Bank of New York that led to the issuance of a million-dollar check to you?

A No, sir.

Q Would it be fair to say that from the first time you met Mr. Vesco and throughout 1972 up until September, let's say, of '72, he talked about an international business district?

A I would say that was like a broken record.

Q With him?

A Right.

Q Could you give us a description of what he envisioned, as he said it, in this international business district?

A He envisioned a new business district for banking, securities, fund management, a place that would be of an international status, have the freedom of capital with no exchange control permissions needed, which is a very perilous type of thing that you are getting in the world today, and a district which surrounding it could also

attract industry. 1547A

Q Did he talk about it as a competitor for Wall Street as an investment center?

A A competitor, yes, against Wall Street, and also other international banking centers in the world.

Q Did he speak of the fact that there would be mutual funds that would use the business district as a bait for selling?

A That's right.

Q And this began at the time that he was chairman of the board of IOS?

A Yes. They also wanted to get -- he was very interested in handling money on a management fee basis.

Q He said that to you?

A Yes.

Q Did Mr. Vesco continue this after he had ceased being the chairman of IOS, these discussions about the international business district?

A Yes.

Q You understood at the time that you took him to Costa Rica that this was a dream of his?

A That is one reason I took him, and probably the main reason.

Q Did he ever say he was looking for a place for

personal asylum?

A No. - 1548A

Q Did you understand that was what his objective was?

A No, that wasn't his objective. His objective was to reallocate his headquarters.

Q By his headquarters, did you mean the IOS headquarters?

A That is correct.

Q And all of the various banks that related to IOS?

A Yes.

Q And mutual funds?

A Fund management, real estate, et cetera.

Q Did he discuss this with you in the Bahamas during the period that your negotiations on Paradise Island took place in January or February of 1972?

A He mentioned it, but I also may say that that deal was very much on his mind at the time, probably foremost in his mind.

Q Would you give us the name of your original partner in Vencap and Conservative Capital?

A Armoury deRiencourt.

Q And he sold out some time after the 1st of the

year?

A That is correct.

Q Can you tell me why?

A Mr. deRiencourt is a publisher, an author of books. He is also an economist and a private investor and a major article appeared in the Herald Tribune in Paris -- I guess it is the Times Tribune today -- pertaining to the whole situation and also mentioning Vencap and also mentioning his name, and he just said his book was coming out and would be published and he would rather resign from the situation.

Q And he asked you to give him back his investment and he would call it a day?

A Right.

Q And you gave him a slight profit, am I correct?

A That's correct, sir.

Q But the real reason for the transaction was he didn't want to have any more publicity of being associated in any way with IOS?

A That is correct.

Q There were three transactions that you were involved In which never were consummated, Paradise Island, Moroccan hotels, and the insurance transaction, am I correct?

1550A

A That's correct, sir.

Q Let's take the insurance transaction first. With whom did you negotiate that?

A Finally, I would say, the man I negotiated and got down to the heart of the negotiations with was Mr. Woodcraft.

Q Did you also negotiate it with Mr. Ford of Willkie, Farr?

A Yes, he was there and present at the same time.

Q Is it fair to say that Mr. Vesco did not participate in any way in that transaction?

A No, I don't even believe he was in the Bahamas at the time.

Q Now, the Moroccan hotel deal was one that you first presented to Stanley Graze?

A That's correct, and Mr. Straub.

Q Did Mr. Graze tell you you ought to see Mr. Straub on this one?

A That's correct.

Q And that is the one you presented -- they took the trip to Morocco with you?

A That's correct.

Q Is it fair to say you never engated in any negotiations in that transaction with Mr. Vesco?

1551A

A No.

Q When you say no, you mean you never engaged in such negotiations?

A No.

Q You keep saying no --

A No, Mr. Straub was the man there negotiating on the deal.

Q On Paradise Island, Mr. Vesco was in thsse negotiations at the beginning?

A Very much so.

Q And he was in them at the end, am I correct?

A That is correct.

Q And can you describe what sphere of the negotiations Mr. Vesco played a part in as opposed to that which Messrs Clay and Straub participated i.?

A Mr. Vesco was on the terms and conditions of the transaction as far as the money was concerned, as far as the structuring of the indentures, of the securities and the underlying securities against the land, plus the terms of the financing on the various cash down payments.

Q Are you saying he was primarily involved in the financing aspect of this transaction?

A Yes.

Q Was the breaking point of this transaction, as

you understood it, the question of the security for the last part of the payment?

A The last 25 million dollars, yes.

Q Did Mr. Vesco say that he thought that the funds, or whoever was investing in it, the entities investing in this, should be able to obtain the release of the real property which was mortgaged as they paid down the last part of the indebtedness?

A That is correct.

Q Did Mr. Crosby say he wanted to hold all of thi[s] as security until the very last cent was paid off?

A He wanted the very last cent and then releases, and he wanted a general, blanket indenture on all properties, whether they were sold off or developed in the interim or not.

Q Did Mr. Vesco say he was acting as a financial expert for the entities involved in this transaction?

A I believe in the beginning Mr. Vesco was still chairman of the board when we went down there. I am not sure of that.

Q What about after he ceased being chairman?

A After that, I made one trip in September or August down there just to get them back together again, and that is when I walked out.

Q Was there any description of the capacity in which Vesco was acting at that time? 1553A

A Yes. He made it very clear he was acting as a consultant to everyone.

MR. KUSHNER: Your Honor, I didn't hear the last two words. Was it "to everyone"?

THE WITNESS: Yes. He bent over backwards in the end to say he was only acting as an adviser to the people because he was no longer chairman of the board of IOS, had resigned his position.

Q There came a time when you received a subpoena to testify before the SEC?

A Yes, sir.

Q Did you report this to Mr. Vesco? Did you tell him you had been subpoenaed?

A I probably did.

Q Do you remember discussing the fact that you had been subpoenaed with him?

A Not specifically, no.

Q Did you --

A I am sure I told him that I had been subpoenaed, and Mr. Crosby, I believe, had been subpoenaed at some time --

MR. RAICHLE: I can't hear him, your Honor.

THE WITNESS: Can you hear me now?

Q Did Mr. Vesco tell you to tell him all the facts?

A About the subpoena?

Q About the transactions.

A Mr. Vesco said just tell them anything they want to know, yes.

Q Did he ever ask you to withhold any facts?

A No, he never asked me to withhold it, and he knew I wouldn't anyway.

Q Did you ever ask him to destroy any papers?

A No, sir.

Q So the fact that you can account for every cent that you ever got from any of the entities in which the funds made investments -- you can account for every cent?

A Every cent.

Q And you have documents that would reflect that?

A Yes.

Q And you have done nothing to alter or destroy those documents?

A No.

Q And nobody has ever asked you to?

1555A

A No, sir.

Q And I have asked before about the transactions consummated, and I will ask you now just generally about the transactions that were not consummated.

The Moroccan deal, the Paradise Island transaction, and the insurance transaction, did anybody ever ask you for kickbacks or payments or rebates or finder's fees in connection with those transactions?

A No, sir.

Q And none were promised?

A None were promised.

Q And there were never any conditions on those transactions that moneys be deposited with BCB?

A No, sir.

Q And would it be fair to say that in your experience with six matters, three which went through and three which didn't, that this was one in which you concluded that the IOS people made rather thorough inquiry before they made an investment commitment?

A I think they made a very thorough inquiry and maybe in the case of Paradise Island I think they would have had a deal today if they had not tried to trade too tough a deal.

Q They didn't impress you as people who would

throw their money away?

A No, sir.

MR. LIMAN: No further questions.

CROSS EXAMINATION

BY MR. RAICHLE:

Q We might reminesce a little bit. I have known you since the day you were born, haven't I?

A Yes, sir.

Q In fact, I saw you on that day?

A I have heard that.

Q I was your grandfather's attorney, wasn't I?

A Yes, sir.

Q I hate to date myself. Then I was your father's attorney?

A Yes, sir, you were

Q You were born in Buffalo?

A Yes, sir.

Q Your father was in the investment banking business?

A Yes.

Q To spell, Deans & Company?

A Correct, sir.

Q And he was, if Mr. Kushner doesn't object, one of our most distinguished citizens? Rise above modesty

and say so.

A Yes, sir.

Q You were one of what, five children?

A Four, sir.

Q Well, you count for two. You saw horizons beyond our community and left Buffalo. I want to get to the Bahamas right away now.

Did you know that your father, and I, for that matter, were friends of Sir Harry Oakes?

A Yes, sir.

Q And do you remember a Dr. Grant?

A I remember his name.

Q A friend of Sir Harry Oakes. And the time came when Oakes moved from Buffalo to the Bahamas?

A That is correct, sir.

Q And became one of the most distinguished citizens of the Bahamas?

A Yes, sir.

Q There has been so much mud thrown at the Bahamas, I want to touch it up a little bit.

THE COURT: Did you say that Sir Harry Oakes moved from Buffao to the Bahamas?

MR. RAICHLE: He moved from Niagara Falls, Ontario, across the river.

THE COURT: To the Bahamas?

MR. RAICHLE: Well, he had reasons.

Q And when he got there he became a very distinguished citizen and patron of the place, right?

A Yes, sir.

Q And the time came when no less a personage than the Duke of Windsor came over to be the Governor of the Commonwealth?

A That's correct, sir.

Q And he and Oakes were great friends?

A That is correct.

Q And then you became friends of the Governor?

A Yes, sir.

Q And I don't mean to be personal, but to do a little name dropping here, the Duke and the Duchess of Windsor were witnesses at your wedding, weren't they?

A Yes, sir.

Q In fact, it was a very intimate wedding and they were the only ones?

A That's correct.

Q And you enjoyed their friendship during his lifetime for some considerable time?

A Yes, sir. He was in my escrow account to buy some Chibex shares.

Q Well, these fellows are not thorough.

Now, then, water sort of seeks its level and nice people go together, don't they?

A Yes, sir.

Q Then, like Oakes, the Duke of Windsor, and the other people, you went to the Bahamas, right?

A Yes, sir.

Q You didn't go there to loot anything, did you?

A No, sir.

Q By the way, I have never seen this fellow Vesco. He hasn't any horns on him or anything, has he?

A No, sir.

Q You found in him a very knowledgeable, well-informed, well-intentioned businessman?

A And a very tough negotiator.

Q In behalf of the interests he represented when he negotiated?

A Yes, sir.

Q Now, my pet subject in this case:

The complaint is that Vesco and his group, whoever that might be, they might be, looted the funds, by implication, they say, in dealing with you.

Did you knowingly or willingly in any way

become a party to the looting of these funds?

A I think I made them some damn good investments.

Q You thought so at the time they were made and you are confirmed in that opinion now?

A Yes, sir.

Q And in every transaction you had with Mr. Vesco or anyone representing these funds or the entities we have been referring to, IOS and the rest of it, every transaction, those representing those interests took not only the conventional precautions, made the conventional investigations and protected the entities they represented in the conventional way, but you say in a very tough way?

A I think they all used very great diligence.

Q And that includes my client, Mr. Meissner?

A Yes, sir.

Q He is a delightful fellow, isn't he?

A He is very knowledgeable and very delightful.

Q A Rhodes scholar?

A Yes, I believe he is.

Q World citizen?

A Definitely.

Q Experienced businessman?

A Evidently.

Q Philosopher, physicist?

A I believe he is a physicist.

Q And broad to bear on the problems with which you dealt and he dealt the aggregate of all that experience of his, right?

A Yes. I think he did a very thorough job when he came down to lookover the housing business.

MR. RAICHLE: That's all.

THE COURT: Off the record, Mr. Raichle.

(Discussion off the record.)

THE COURT: We were going to adjourn at 3.30 today and I ran a little over in hopes of finishing with Mr. Pistell today. I am in trouble. I have an argument I am supposed to be hearing right now. Can we dispose of Mr. Pistell in one or two minutes or is there more to it than that?

MR. KUSHNER: There is more to it, your Honor, and I am sure Mr. Ellenoff has examination.

MR. ELLENOFF: Mine will be very short, your Honor.

THE COURT: Do you mind coming back tomorrow morning?

THE WITNESS: Not at all.

THE COURT: I have been thinking, Mr. Feldman,

SECURITIES AND EXCHANGE COMMISSION

vs. 72 Civ. 5001

ROBERT L. VESCO, et al.

New York, April 18, 1973;
10.00 o'clock a.m.

(Hearing resumed.)

* * *

R I C H A R D C. P I S T E L L , resumed.

MR. LIMAN: Your Honor, I omitted to ask the witness one question yesterday, which I would like to put to him. It is with reference to Exhibit 271 in evidence.

CROSS EXAMINATION (Continued)

BY MR. GRAND:

Q Mr. Pistell, Exhibit 271 in evidence is an agreement of escrow between Vencap, IOS Insurance Holdings and Columbus Trust. Do you remember that you testified that the escrow was not consummated?

A That's correct, sir.

Q This document in evidence indicates that Columbus Trust Company was to be the escrowee. Can you tell me who suggested Columbus Trust as the escrowee? Can you tell me who suggested Columbus Trust as the

CROSS EXAMINATION 1563A

BY MR. ELLENOFF:

Q Mr. Pistell, you have made reference in your testimony to your meetings with Stanley Graze in the early part of 1972.

A Yes.

Q Running through?

A Yes.

Q And then there came a time when you met him in London in April, May or June?

A Yes.

Q During the past twenty-five years, although you have been an investor and an officer in many companies, your background has been essentially as an investment banker and venture capitalist?

A That's correct, sir.

Q And in your discussions, your general conversations with Stanley Graze, you discussed your industry, the investment banking industry; isn't that so?

A That's right, and money --

Q You discussed people that you knew in common?

A Yes, sir.

Q Situations that you had had or others had had?

A Yes, sir.

Q Situations that were in the portfolio of IOS?

A Yes, sir.

Q Situations that Stanley Graze was familiar with as an investment manager and portfolio analyst?

A That's correct, sir.

Q Now, during the course of those discussions, yo knew and he told you that he was a portfolio manager for IOS?

A That's correct, sir.

Q And he indicated to you that he was responsible for administering and investing approximately $500 million in funds; isn't that so?

A That is correct, sir.

Q And these were the Dollar Funds, as they have been commonly referred to in this courtroom?

A I believe that's correct, sir.

Q And during the meetings in London, in the sprin of '72, he indicated in his conversations with you his performance as an investment portfolio manager?

A That is correct, sir.

Q And he indicated that he was satisfied with his performance?

A Yes; he did. He said in comparison --

Q And did he tell you that the funds he administe

1565A

ed were exceeding the performance of the Dow Jones average for the like period?

MR. KUSHNER: Your Honor, I couldn't object more strenuously to this effort to get in self-serving statements of the defendant Graze, who no doubt will never take the stand in this trial and testify, but instead counsel is attempting to invoke the testimony of Mr. Pistell as to what Mr. Graze thinks of his performance and what Graze said about his performance.

Let Mr. Graze take the stand and tell us himself.

MR. ELLENOFF: Your Honor, we are having the witness on conversations that he had with Mr. Graze concerning matters of mutual interest, concerning the funds, in the spring of 1972.

MR. KUSHNER: Your Honor, in my hornbook of evidence, unless what Mr. Graze said can be considered an admission against interest, it cannot be elicited from this witness.

THE COURT: What was the last question?

(Question read.)

THE COURT: I will sustain the objection.

Q Did you discuss with Mr. Graze the illiquidity of funds on the capital exchanges in the United States?

A We discussed the future markets and what we visualized in the world and world markets and block trading and how the international ccmpanies were becoming needing of a market worldwide instead of just a central marketplace in one or two countries.

Q Did you discuss with Mr. Graze the high multiple of earnings of many securities in the United States?

A We discussed what would be known as the high fliers, the P ratios, yes.

Q Did you discuss with Mr. Graze the difficulty of achieving performance of mutual funds under any portfolio manager's stewardship?

A I had certain views on that. I believe that it's very hard to handle money in open-end mutual funds, because you can't count on the souce of the money because of the redemption problems that are constantly with you.

MR. LIMAN: Is this, your Honor, something that he expressed? The question is whether you expressed something.

THE WITNESS: Yes. We did discussit.

Q Was your conversation limited only to the investment of moneys in the American market, or did it cover other world markets?

A We were talking about world markets.

Q Djring your meetings with Mr. Graze you went over a list of securities that had been held by IOS under what you call the Cornfield administration?

A That is correct.

Q And you said that these were essentially hopeless work-out situations?

A They were all mostly work-out situations or liquidation situations, from what I could see on a very short look.

Q In making this assessment, did you go over individual situations with Mr. Graze?

A I went over one or two companies, yes.

Q And did you review balance sheets and financial statements in connection with that assessment?

A Yes; I did.

Q And did Mr. Graze also go over the balance sheets and financial statements with you?

A Yes, he did.

Q In the course of your twenty-five years as an investment banker, have you had occasion to meet with security analysts?

A Yes; I have, sir.

Q Have you ever been employed as a security

analyst?

A I have been a security analyst. I was a registered security analyst.

Q Have you had occasion to meet portfolio managers?

A Yes; I have, sir.

Q And you were a director, I believe, of a mutual fund?

A Yes.

Q And did that mutual fund employ portfolio managers?

A Yes.

T2

Q Did there come a time when you reached a judgment with regard to Stanley Graze as an investment manager and portfolio manager? 1569A

A I did form an opinion of him, sir.

Q Would you regard him as a careful and prudent investment analyst?

MR. KUSHNER: Objection, your Honor. I think it's completely irrelevant. Moreover, unless we are goin to get in the complete basis for the opinion, including the documentary evidence, I think the question is of no help whatever to the court.

THE COURT: I will overrule your objection, Mr. Kushner. As Mr. Pistell has told us on several occasions in the last two or three days, what he is telling us in matters like this is just his opinion. He has many qualifications, so his opinion may be of some value.

A If I should answer the question, I think and I will say that Mr. Graze has an exceptional ability as far as venture capital situations are concerned. His judgment is excellent. I would say that from what I could see in comparison to other funds at the time, I think, based, as a matter of fact, on the Arthur Lipper performance of funds in this country, that Mr.

Graze's funds were outperforming the other mutual funds of this country at the time, and I consider Mr. Graze highly qualified as an investment portfolio manager and a venture capitalist. And I might say he is very knowledgeable on overall economics in the world today.

1570A

Q In London in the spring of 1972, when you were discussing the special situation portfolio, did you have any discussion with Mr. Graze concerning the philosophy of venture capital?

A Yes, we had quite a few discussions on the philosophy of venture capital.

Q Did Mr. Graze and you recognize the risk that is inherent in venture capital?

A I would say that we both knew the risks that were inherent in venture capital, yes.

Q Did Mr. Graze discuss with you the kind of situations that might limit the inherent risk in venture capital?

A Would you repeat that question?

Q I withdraw the question.

Have you ever heard the expression in Wall Street "We invest in people and not in numbers"?

A That's exactly right.

Q That is a common concept? 1571A

A Mr. Elliott had a better saying. He said "You take a lemon and squeeze it and make a lemonade."

Q There is a strong reliance in venture capital on the ability of management, is there not?

A I would say that management is 99 per cent of the success of any company. Book values really don't mean a thing. To wit, the book value of Pennsylvania Railroad was I think many hundreds of dollars, and we can see book value, Pennsylvania Railroad v. Minnesota Mining, book values don't really mean anything.

It's the management's ability to go forward and through entrepreneurship deal with and take people, money and ideas and blend them into a success.

Q Mr. Raichle yesterday asked you to step aside from modesty for a moment and I ask you to do the same.

Isn't in essence what Mr. Grace was asking you in London to buy your talent and asking you to come aboard and act as a consultant for the special situation fund?

A I would say that's what he had in mind, yes.

Q This situation translated itself into Vencap and the investments in Vencap, is that not so?

A That is the way I wanted it for certain reasons, yes.

Q You understood that Mr. Graze was an adviser employed by one of the management companies of ICS, is that not so?

A He had an advisory firm.

Q And that he could not require or make an investment on his own, isn't that correct?

A That is correct. He had a committee he always referred to.

* * *

Q The complaint alleges that certain parties, certain defendants, pursued personal pursuits in making their investments.

Did you see Stanley Graze make any personal gain out of any of the investments which you have described in the last few days in court?

A No, sir, I haven't.

Q The complaint talks about self-dealing. Are you familiar with the concept of self-dealing?

A Yes, sir, I think I am.

Q Did Stanley Graze engage in any self-dealing?

A Not that I ever saw.

Q Counsel in the courtroom have talked about looting and you responded that you have not seen any

recall, like Mr. Feldman, but if Mr. Pistell has some recollection as to what was generally the case I think it might save time.

THE COURT: You said that Miss Bailey was there?

THE WITNESS: Yes, Shirley Bailey. He did a great deal of dictation and she did a great deal of typing on the plane in the office area and they had people in and out.

Frankly, Mr. Kushner, I didn't interfere with that part of the business, you know.

Q Do you recall who was in and out?

A No. There were so many people at times, you know, found that I had never seen before.

Q Incidentally, do you know who Mr. Fabel is?

A Mr. who?

Q F-a-b-e-l. Mr. Feldman elicited that testimony, as I recall. He was on board one of these trips.

A He, I can't remember him at all, Mr. Kushner.

1573A

Q Do you recall when the closing on Out Island Airways was? I am referring to the closing where Vencap invested in Out Island Airways.

A December 28th, Mr. Kushner.

Q Do you recall how long after that you had the conversation with Mr. Vance at the restaurant which

you told Mr. Lipin about yesterday?

1574A

A I would imagine it wouldn't have been too long after that.

Q Can you fix the time in terms of weeks?

A Might have been two weeks, four weeks, five weeks. I can't tell.

Q Who first presented the San Cristobal Investment to you?

A The first one that presented it was Mr. McAlpin.

Q Do you recall when he presented it to you?

A He introduced me to Mr. Figueres in Costa Rica.

Q Was this on your first trip to Costa Rica?

A Yes, sir.

Q Had you known Mr. McAlpin previous to this trip to Costa Rica?

A I met him the one time at the Carlyle Hotel with Mr. Burke.

Q Did Mr. McAlpin tell you on your first trip to Costa Rica -- was this in June, by the way, of 1972?

A I can't remember the exact date, Mr. Kushner.

Q Do you recall the month?

A No, not really.

Q. Do you recall whether Mr. McAlpin told you that San Cristobal was looking for financing?

A. I am sure he did or he wouldn't have introduced me to the subject.

1576A

Q And do you recall whether you were informed that one of Mr. McAlpin's companies owned an interest in San Cristobal?

A I did find out that one of Mr. McAlpin's companies did have an interest in San Cristobal.

Q Was that the Capital Growth Company?

A I'm not sure which company, but it could have been, Mr. Kushner.

Q Do you recall whether you read this San Cristobal document, which has been marked IOS Exhibit N?

A I did go through it on a very quick basis.

Q And when did you go through it on a very quick basis?

A On my first visit down there, Mr. Kushner.

Q Were you asked by anyone to seek financing for San Cristobal on your first trip to Costa Rica?

A Yes. Mr. Figueres said that they were looking for financing and did indicate that he would be interested in financing.

Q Was this Mr. Marti Figueres?

A That's right.

Q Did Mr. McAlpin tell you how his company had come to invest in San Cristobal?

A No, but he indicated that they did have an

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investment in San Cristobal. 1577A

Q Now, you determined information about San Cristobal on your first trip to Costa Rica, did you not?

A I determined to look at it and went and looked at it and thought it had possibilities.

Q And did you then approach Mr. Vesco with the prospective financing?

A That is correct, sir. I would say I did mention it first to Mr. Vesco.

Q And when did you mention it to him first?

A I wouldn't recall that exact date, Mr. Kushner.

Q What did You tell him about the company?

A I just said that I had seen a company that I believed deserved merit. They were looking for a couple of million dollars financing. Their main emphasis for the future was going to be in the low cost housing field, and not being an expert in it I couldn't form a final opinion, but from what I could remember the cash flows showed that they could go into profitability with some additional working capital.

Q Did you tell him that the Figueres family owned a major interest in San Cristobal?

A I'm sure I mentioned that the Figueres family owned an interest in San Cristobal.

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Q I refer you to page 7 of IOS Exhibit N.

1578A

A Yes.

Q And I ask you whether you recall reading the statement there that the remaining 40 per cent of the company, referring to San Cristobal, is controlled by Capital Growth Real Estate Fund.

"However, Capital Growth has never taken an active participation in the decision making and policies of the company."

A I do remember that, Mr. Kushner.

Q Do you recall whether Mr. McAlpin told you that Capital Growth made its investment in San Cristobal at the time that Mr. McAlpin relocated in Costa Rica?

A Not specifically. No, sir.

Q Do you recall what Mr. Vesco told you when you first discussed the San Cristobal investment with him?

A I can't really recall, Mr. Kushner.

Q Do you recall whether he said he was interested?

A My whole realm with Mr. Vesco as far as Costa Rica was concerned, which was the one thing that Mr. Vesco was harping on like a broken record, was relocating his local headquarters of his fund banking, monetary financial complex, to a new location, and my primary interest was going down there on my own to look

at the cattle business. 1579A

Q His plans to relocate were something which he told you about even before you first discussed the San Cristobal investment with him?

A That is correct, sir.

Q Now, did he discuss his plans to relocate with you when you first discussed the San Cristobal investment with him?

A Prior to my even going to Costa Rica, Mr. Vesco had a great desire to relocate out of the Switzerland franchise area, where the Cornfield regime had had its headquarters and had built up, frankly, a very bad image with the community and with the authorities, except for in the area.

MR. KUSHNER: May we have the question reread, and if Mr. Pistell will, I would appreciate an answer.

(Question read.)

MR. LIMAN: Meaning that conversation?

MR. KUSHNER: Yes.

A I came back to Mr. Vesco after my visit, Mr. Kushner, to Costa Rica with the suggestion of what he was looking for it would be a perfect place for his relocation.

Q And in that connection, you mentioned the San Cristobal investment?

1580A

A Not pertaining to the same thing. I said I thought he ought to come to Costa Rica and meet the people, see the country, see what I saw down there and the potential, see the location of it, logistically by air et cetera, and I think there are many investment opportunities down there.

Besides San Cristobal, I still think there is a very good opportunity for a pipeline across the isthmus of Costa Rica.

Q In that same conversation you have just spoken about, did you also mention the San Cristobal situation to Mr. Vesco?

A I easily could have, yes. I'm sure I did, Mr. Kushner.

* * *

Q Now, I want to ask you some questions which call for reference to Exhibit 299, the report on Chibex Mining dated April 4, 1972.

A Yes.

Q And I have just handed you a copy of that.

A Right.

Q A copy of that report.

A Right.

MR. KUSHNER: Does your Honor have a copy of that?

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Q And is that trading thin?

A I would say so. Some weeks it may trade 50,000 shares, and some weeks $5000 shares, but I don't watch it that closely, Mr. Kushner.

Q Do you know what the price range of this trading was between April --

A April I don't know.

Q This very month?

A Yes. I would say eighty cents to a dollar, Canadian funds.

Q 60 to 80 cents would be more --

A No. I would say 80 cents to a dollar. I don't know. I don't watch it.

Q Is that a bid price or an asked price?

A Mr. Kushner, I haven't the slightest idea, really.

1581A

Q Now, turning to Inter-Capital N.V., you put up certain stock as collateral for a loan to you from Inter-Capital N.V.; is that correct?

A That is correct, sir.

Q And what was that stock?

A That was the Flag-Redfern Oil Company.

Q And how many shares of stock did you put up at the time --

1582A

A Twenty thousand some-odd shares of stock.

Q And to whom did you deliver this collateral?

A I delivered that collateral to the bank. I believe it is holding it as security.

Q Which bank is that?

A Hondeos Credit Bank in Zurich.

Q And Hondeos Credit Bank is also holding a certificate of deposit of Vencap as security?

A That is correct, sir.

Q Now, was there any particular reason that Vencap did not make the loan directly to you but instead put up the certificate of deposit at Hondeos Credit Bank?

A Yes, sir.

Q What was that reason?

A If I may tell you exactly what it was -- I had this yesterday.

The interest rate -- this is Inter-Capital. The interest rate on my secured loan from Inter-Capital is nine and a half per cent. The interest rate paid by Inter-Capital to the Hondeos Credit Bank is eight and a half per cent. The interest rate on Vencap's certificate of deposit at Bahamas Bank is eight and a half per cent.

Inter-Capital was formed on the advice of counsel

1583A

so that loans would be made to U. S. companies and partnerships without liability for U. S. withholding tax.

As you know, all of the Eurobond companies are established in the Netherlands Antilles. That's the reason for Inter-Capital to establish there. The loan is for three years. I have given Vencap an option to purchase 10 per cent of the shares of Flag-Redfern which I own at my original cost. I would estimate the value of this option to be somewhere between $50,000 and $60,000.

THE COURT: Are you reading from something?

THE WITNESS: Yes. I am reading from a statement which I had Mr. Taylor write up recently.

1584A

Q Mr. Taylor writes very well.

A He is a wonderful tax lawyer.

Q When you refer to the value of this option, the value of this option based on what?

A On my opinion.

Q No, I didn't mean that, Mr. Pistell. I understand it's your opinion.

A Right.

Q What I mean is you refer to the value of the option to Venezp and that must be based on some prices, a price difference of some sort.

A Oh, yes, exactly. The options at $12 a share.

Q That was the cost to you?

A No. My cost was a lot higher. That was a written down cost.

Q Now you have me confused. Doesn't your statement say that you gave Venezp the option to purchase the shares at your original cost?

A I would say that's correct, right.

That is my book cost.

Q Your book cost is the same as the written down cost you spoke about a minute ago?

A I would imagine so, Mr. Hushmor.

Q Please don't imagine. If it would help you to

consult with Mr. Naylor, consult with him.

A Mr. Kuehnel, so you and everyone else understand, there are 20,000 some-odd shares of stock. That stock has a certain value today in comparison to other companies, other oil companies and other gas reserves.

I gave Venzup an option on 2,000 shares, whatever it is, at approximately $12 a share for three years.

Q When did you give Venzup this option?

A I signed that in the past week or two.

Q Do you recall the specific day?

A No, I don't, because I had been away and I signed it on the return to the Bahamas.

b2 Q You don't happen to have that with you, do you?

A No, I don't, but I can get a copy for you.

Q Would you please?

A Sure.

Q Is Flag-Redfern a company whose stock is traded in some market?

A It is a privately held company at the moment.

Q There is no trading market for it?

A There is no trading market for it.

Q If someone wants to sell his shares in this company what does he do?

A I would say that he could find a buyer right from Mr. Flag-Redfern or any of the other stockholders any time they wanted to.

Q Is there really a Mr. Flag-Redfern?

A In spades. He is a wonderful guy, a highly successful gentleman.

Q You referred the other day in cross-examination to a value of this company's income, I believe.

A That's correct, sir.

Q What did you say, about $20,000,000?

A I said its net operating revenue for the future was approximately $20,000,000.

Q In stating that you were referring to the figures on the last page of Defendant ICS Exhibit Y-1?

A Right, Y-1.

Q That gives a net operating revenue during the period 1972 through 2014 in the approximate amount of $19,150,000?

A That's correct, sir.

* * *

THE COURT: Do you have a little bit more on Flag-Redfern?

MR. RUBINER: No, I don't, your Honor.

THE COURT: I would like to take a recess now. I have a bail application at 11:30. I would like to take

Q And they never said that they considered this to be an improper investment for the Canadian fund?

A They approved the investment.

Q Now, there was an implication in certain questions by Mr. Kushner on his redirect which he may not have intended.

1587A

Did you ever suggest to Robert Vesco when you discussed Costa Rica with him that the entrance fee to Costa Rica was an investment in San Cristobal?

A No, sir.

Q Was there ever any such discussion?

A Not to my knowledge, sir.

Q Was it ever suggested that if the funds invested in San Cristobal it would ease the way for relocation of IOS headquarters?

A Not to me, sir.

Q In Costa Rica?

A No, sir.

Q Did you ever hear any such suggestion?

A No; I did not, sir.

Q When you recommended San Cristobal as an investment, did you recommend it on its merits?

A On its merits, sir.

Q Now, you talk about re-allocation of the IOS

headquarters. Do you mean relocation?

A Relocation. That's correct.

Q And is that something that Mr. Vesco mentioned to you in January and February 1972?

A He mentioned that constantly.

Q Beginning then?

A I would say since the first day I met him.

MR. LIMAN: No further questions.

MR. RAICHLE: I have no questions.

MR. LIMAN: I will offer the exhibit that IOS marked -- let IOS offer them so we can keep them with the same letters.

MR. GRAND: IOS offers Exhibit R now.

THE COURT: Is everybody finished with Mis Pistell?

MR. KUSHNER: No, your Honor. I have two more questions.

I have no objection to Exhibit R.

(Defendant IOS Exhibit R for identification was received in evidence.)

MR. GRAND: Your Honor, there is a copy of Exhibit R for the Court.

THE COURT: If you didn't intend the implication which Mr. Liman said you may not have intended, I don't know

Plaintiffs' Exhibit 12-259

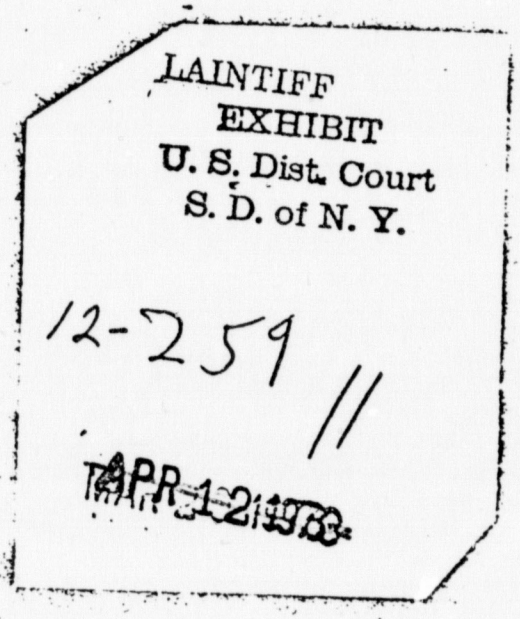

EXHIBIT A

VENCAP LIMITED

The First General Meeting of the members, as Incorporators, of the above-named Company was held by order of the Directors of the said Company at Building No. 309, Bay Street, Nassau, Bahamas on the 4th day of July, A.D., 1972 at 3.00 o'clock in the afternoon.

All of the Incorporators were present, namely:-

Anthony Nomikos Klonaris,
Jeremy Carson James Waddell,
Evelyn Priscilla Bradley,
Joan Lynn Thompson, and
Mavis Edna Seymour.

On motion, Mr. Anthony Nomikos Klonaris took the Chair and Mr. Jeremy Carson James Waddell acted as Secretary of the meeting.

The Chairman informed the meeting that the Company had been incorporated earlier that day and he presented the Certificate of Incorporation together with certified copies of the Memorandum and Articles of Association.

On motion duly made and seconded, Messrs. Richard C. Pistell, Ernest Raymond Lawson, Charles Murphy and Jeremy Carson James Waddell were elected Directors of the Company for the ensuing year.

On motion duly made and seconded, Mr. Richard C. Pistell was elected President and Treasurer of the Company for the ensuing year.

On motion duly made and seconded, Mr. Ernest Raymond Lawson was elected Vice-President and Assistant Secretary of the Company for the ensuing year.

On motion duly made and seconded, Mr. Charles Murphy was elected Secretary of the Company for the ensuing year.

On motion duly made and seconded, Mr. Jeremy Carson James Waddell was elected Assistant Secretary of the Company for the ensuing year.

On motion duly made and seconded, it was resolved that the seal impressed in the margin hereof be adopted as the Common Seal of the Company.

On motion duly made and seconded, it was resolved that the

Registered Office of the Company be situate in Building No. 309 on the North side of Bay Street in the City of Nassau, and that the necessary sign be displayed outside of the said Building.

On motion duly made and seconded, it was resolved that an Assistant Secretary be instructed to notify the Registrar General of the situation of the Registered Office and to have the same advertised in the Official Newspaper.

The Assistant Secretary presented a form of share certificate to the meeting, and, on motion duly made and seconded, the same was approved and it was resolved that the Directors be authorised to issue the shares in accordance with the provisions of the Articles of Association ofthe Company.

On motion duly made and seconded, it was resolved that an Assistant Secretary be instructed to file the Annual Statement required by Section 23 ofThe Companies Act with the Registrar General.

On motion, the meeting adjourned.

Chairman.

Assistant Secretary.

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VENCAP LIMITED

The First General Meeting of the members, as Incorporators, of the above-named Company will be held at Building No. 309, Bay Street, Nassau, Bahamas on the 4th day of July, A.D., 1972 at 3.00 o'clock in the afternoon.

Dated the 4th day of July, A.D., 1972.

_____
Director

_____
Director

_____
Director

_____
Director

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Reg. No. 19,057/72

Nassau, Bahamas.

4th July, 1972.

The Registrar General,

Nassau.

Sir,

Pursuant to the provisions of Section 33 of The Companies Act I have the honour to inform you that the Registered Office of VENCAP LIMITED is situate in Building No. 309 on the North side of Bay Street in the City of Nassau.

Yours obediently,

Assistant Secretary,
VENCAP LIMITED.

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NOTICE

Pursuant to the provisions of Section 33 of The Companies Act, notice is hereby given that the Registered Office of VENCAP LIMITED is situate in Building No. 309 on the North side of Bay Street in the City of Nassau, Bahamas.

CARSON, LAWSON & CO.,
Attorneys for the above-named Company.

3 insertions please.

No. 19,057/72

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VENCAP LIMITED

STATEMENT

made up to the 18th day of July 19 72

being the fourteenth day succeeding the day of the Ordinary general meeting

or the First Ordinary general meeting in 19 72 , showing the following particulars:

Surnames and Christian Names of Members of Company	Addresses	Occupations	Shares held by each
Klonaris, Anthony Nomikos	Nassau, Bahamas	Attorney-at-Law	1
Waddell, Jeremy Carson James	" "	Solicitor	1
Bradley, Evelyn Priscilla	" "	Clerk	1
Thompson, Joan Lynn	" "	Clerk	1
Seymour, Mavis Edna	" "	Clerk	1

1. Amount of capital.	U.S.$5,000
2. Number of shares into which capital is divided.	5,000 shares of U.S.$1 each
3. Number of shares taken from commencement of company to date.	5
4. Amount of calls made on each share.	Fully paid
5. Total amount of calls received.	Fully paid
6. Total amount of calls unpaid.	Nil.
7. Total amount of shares forfeited.	Nil.

Persons who have ceased to be members since last return was made.

Names	Addresses	Occupations	Shares held by each
N I L.			

(Turn over)

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COPY OF REGISTER SHOWING THE NAMES, ADDRESSES AND OCCUPATIONS OF DIRECTORS OR MANAGERS

Richard C. Pistell, Nassau, Bahamas, Executive; President, Treasurer and Director,

Ernest Raymond Lawson, Nassau, Bahamas, Attorney-at-Law; Vice-President, Assistant Secretary and Director,

Charles Murphy, 99 Park Avenue, New York, U.S.A., Executive; Secretary and Director, and

Jeremy Carson James Waddell, Nassau, Bahamas, Solicitor; Assistant Secretary and Director.

Assistant Secretary.

N.B.–This statement must be sealed with the Company's Seal.

Changes in directors or managers must be notified from time to time as they occur.

No. 19,057/72

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BAHAMA ISLANDS,

NEW PROVIDENCE

I, SYLVIA ANITA BONARY, Deputy,

Registrar General for the Bahama Islands, do hereby certify that a Memorandum of Association of VENCAP LIMITED has this day been registered in my office under the provisions of The Companies Act (Ch. 184)

Whereby the said Parties have become and are an incorporated Company under the name and style of VENCAP LIMITED

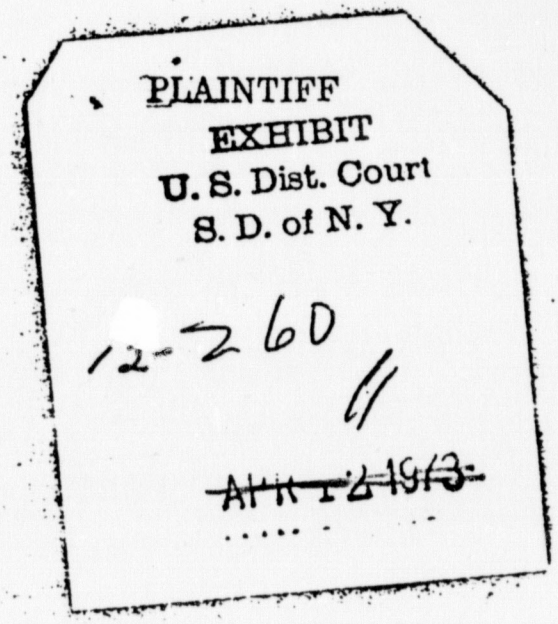
And I further certify that the Liability of the said Company is Limited

Given under my hand at the City of Nassau the 4th day of July, A.D., 19 72.

Sylvia A. Bonary

Deputy Registrar General.

Plaintiffs' Exhibit 12-260



VENCAP LIMITED

A meeting of the Directors of the above-named Company was held at the Registered Office of the Company, Building No. 309, Bay Street, Nassau, Bahamas on the 29th day of August, A.D., 1972 at 10.00 o'clock in the forenoon.

The following Directors were present, namely:-

Richard C. Pistell,

Ernest Raymond Lawson, and

Jeremy Carson James Waddell.

On motion, Mr. Richard C. Pistell, the President of the Company, took the Chair and Mr. Jeremy Carson James Waddell acted as Secretary of the meeting.

The Chairman informed the meeting that Mr. Charles Murphy the other Director of the Company was absent from the Commonwealth.

The minutes of the First Meeting of the Directors held on the 31st day of July, A.D., 1972 were read and confirmed.

On motion duly made and seconded, the following resolutions were unanimously agreed to, namely:-

RESOLVED that the Company raise the sum of US$3,000,000 by the creation and issue of US$3,000,000 par value Redeemable Preference Shares carrying the respective rights set out in the resolution proposed to be passed at an Extraordinary General Meeting of the Company held as of today's date and that an Extraordinary General Meeting of the Company be convened for the purpose of passing such resolution.

RESOLVED FURTHER that the Company purchase from International Investment Trust, a Luxembourg company, all the issued shares comprising 1,700,000 shares of US$1 each in International Re-insurance Company Limited, a Canadian corporation, for a consideration comprising US$700,000 in cash, US$650,000 payable by a 7% Note of the Company due five years from issue with interest payable half-yearly in arrear, and a further note in the sum of US$1,100,000, free of interest and payable only if and when IOS Limited shall repay in full its Note of the same amount to International Re-insurance Company Limited AND RESOLVED FURTHER that the President of the Company be authorised to execute on behalf of the Company a letter agreement on behalf of the Company in the form of the copy annexed hereto and to execute an Agreement in the above terms with International Investment Trust subject to such additions and deletions as he shall consider in the best interest of the Company.

RESOLVED FURTHER that the Company issue to the subscribers of the US$3,000,000 Redeemable Preference Shares warrants in the form of the copy annexed to subscribe further Redeemable Preference Shares ranking pari passu with the shares to be subscribed in proportion to their subscription of such shares, within a period of three years from the date of such subscription.

On motion, the meeting adjourned.

R. C. Reed
Chairman.

J. C. S. Wolcott
Assistant Secretary.

1601A

Plaintiffs' Exhibit 12-261

PLAINTIFF

EXHIBIT
U. S. Dist. Court
S. D. of N. Y.

12-261

APR 12 1973

VENCAP LIMITED

An Extraordinary General Meeting of the members of the above-named Company was held at the Registered Office of the Company, Building No. 309, Bay Street, Nassau, Bahamas on the 31st day of August, A.D., 1972 at 11.00 o'clock in the forenoon.

All of the members were present in person or by proxy, namely:-

Anthony Nomikos Klonaris,

Jeremy Carson James Waddell,

Evelyn Priscilla Bradley,

Joan Lynn Thompson, by her proxy Jeremy Carson James Waddell,

Mavis Edna Seymour,

Richard C. Pistell, and

Armoury de Riencourt, by his proxy Richard C. Pistell.

On motion, Mr. Richard C. Pistell, the President of the Company, took the Chair and Mr. Jeremy Carson James Waddell acted as Secretary of the meeting.

The Chairman presneted the proxy from Mr. Armoury de Riencourt, authorising Mr. Pistell to represent him at this meeting. The said proxy was read to the meeting and ordered to be attached to these minutes.

Mr. Jeremy Carson James Waddell presented the proxy from Mrs. Joan Lynn Thompson, authorising Mr. Waddell to represent her at this meeting. The said proxy was read to the meeting and ordered to be attached to these minutes.

The minutes of the First General meeting of the members held on the 4th day of July, A.D, 1972 were read and confirmed.

On motion duly made and seconded, the following Ordinary Resolution was unanimously agreed to, namely:-

RESOLVED that the capital of the Company be increased to US$3,010,000 divided into 10,000 Ordinary Shares of US$1 each and 30,000 Redeemable Preference Shares of US$100 each by the creation of 5,000 Ordinary Shares ranking in all respects pari passu with the existing Ordinary Shares in the Capital of the Company and 30,000 Redeemable Preference Shares of US$100 each conferring upon the holders thereof the following rights and issued subject to the following provisions:-

(1) The right in a winding-up of the Company to repayment of the capital paid up thereon in priority to the Ordinary Shares but shall not entitle the holders thereof to any further or other participation in the profits or assets of the Company in a winding-up;

(2) The right to receive out of the profits of the Company which it shall be determined to distribute in respect of any fiscal year of the Company to 31st December a fixed non-cumulative dividend at the ate of six per cent pe annum on the capital for the time being paid up thereon in priority to any dividend on the Ordinary Shares provided that no dividend shall be payable in respect of any of the said shares which were not issued and fully paid on the first day of such fiscal year;

(3) The right to receive a further non-cumulative dividend if declared in respect of each fiscal year of the Company and in priority to any dividend on the Ordinary Shares in respect of the said fiscal year of an aggregate amount equal, as a class, to one-third of the Residual Earnings of the Company for the said fiscal year.

"Residual Earnings" shall mean for the purposes hereof the net earnings of the Company calculated without regard to any extraordinary items for the said fiscal year, as certified by its auditors, after deduction therefrom of (i) all amounts charged against such net earnings in respect of all taxes, duties or other impositions, (ii) the said 6% dividends provided in paragraph (2) hereof, and (iii) interest, dividends or other distributions paid to the holders of any class of shares or securities of the Company carrying rights to such dividends in priority to the rights of the holders of the said Redeemable Preference Shares. The certificate of the independent firm of public accountants regularly employed by the Company in the audit of its books shall be conclusive and binding upon the Company and the holders of t Redeemable Preference Shares with respect to the amount of the Company's ne earnings and the amount of the Residual Earnings.

(4) The said dividends provided in paragraphs (2) and (3), if declared, hereof shall be declared and paid by the Company within 60 days of the rece by the Company of its Auditors report and audited balance sh t for each fiscal year of the Company;

(5) The Company at its option may redeem out of any profits or monies of the Company which may lawfully be applied for that purpose all or any of th Redeemable Preference Shares outstanding at any time by paying therefor in cash US$100 per share plus an amount per share, payable in lieu of the dividends provided in paragraphs (2) and (3) hereof, equal to a dividend accr at the rate of six per cent per annum on the capital for the time being pa up in respect of the period commencing on the first day of the fiscal year the Company in which the redemption occurs and ending on the date of redem Notice of redemption specifying the time and place of redemption shall be g to the holders of Redeemable Preference Shares whose shares are to be rede at their respective addresses as the same may appear on the records of the Company at least fifteen days prior to the date specified therein for reder From and after the date specified in any such notice as the redemption date unless the Company shall fail to provide monies at the time and place spec in such notice for the payment of the redemption price, all rights of the holders thereof as shareholders of the Company, except the right to receive the redemption price, shall cease and terminate. If the Company should at a time determine to redeem a part only of the said Redeemable Preference sha for the time being outstanding, the shares to be redeemed shall be determi by a drawing to be made by the directors at the Registered Office of the Company or such other place as the directors may determine;

(6) The said Redeemable Preference Shares shall not entitle the holders to receive notice of or attend or vote at any general meeting by virtue of the holdings thereof unless the business of the meeting includes the considera of a resolution for the sale of the undertaking of the Company or for alte the objects of the Company or for winding-up the Company or any resolution varying or abrogating any of the special rights or privileges attached to t said Redeemable Preference Shares or for the creation of any class of shar securities of the Company carryi rights as to dividend or in

up of the Company in priority to the said Redeemable Preference Shares in which case they shall only be entitled to vote on any such resolution.

On motion duly made and seconded, Mr Jeremy Carson James Waddell, an Assistant Secretary of the Company, was instructed to record a copy of this Ordinary Resolution with the Registrar General.

On motion, the meeting adjourned.

R.C. Pistell
Chairman.

D.E.S. Vesey
Assistant Secretary.

A. N. Klonaris.

Evelyn P. Bradley

Mavis Seymour

Signed by Jeremy Carson James Waddell as proxy for:- J. J. Waddell

Joan Lynn Thompson.

Signed by Richard C. Pistell as proxy for:- R. C. Pistell

Armoury de Riencourt.

1605A

Plaintiffs' Exhibit 12-262

September 29th , 1972

Vencap Limited
P. O. Box 4645
Nassau, Bahamas

Gentlemen:

This will confirm our agreement as follows:-

(1) We hereby agree to subscribe to 30,000 Redeemable Preference Shares of par value U.S.$100 each (the "Shares") of Vencap Limited (the "Company") and to acquire warrants to acquire an additional 30,000 Shares at any time during a three year period commencing on the date of the closing hereunder (the "Warrant"), all for an aggregate purchase price of U.S.$3,000,000 (the "Purchase Price").

(2) The acquisition of the Shares and the Warrants shall take place on October 6 , 1972 or such other date as shall be agreed upon (the "Closing").

(3) You hereby represent and warrant to us that:

(a) the Company is a company duly organized validly existing and in good standing under the laws of the Commonwealth of the Bahamas Islands with full power and authority to carry on its business and own its property in the manner in which such business is carried on and such property is owned; there are no subsidiaries of the Company on the date hereof;

(b) the capital of the Company is U.S.$3,010,000 divided into 10,000 Ordinary Shares of U.S.$1.00 each and 30,000 Redeemable Preference Shares of U.S.$100 each, of which 5,000 Ordinary Shares and 30,000 Redeemable Preference Shares will be outstanding after giving effect to the provisions of this Agreement;

(c) the Company and the Shareholders thereof have taken all necessary and appropriate action to

EXHIBIT "A"

authorize this Agreement and to perform its obligations hereunder and this Agreement, the Warrant and the Shares each constitute a valid and binding obligation of the Company;

(d) the shareholders of the Company have adopted resolutions substantially in the form annexed hereto as Exhibit A establishing the rights of the holders of Redeemable Preference Shares;

(e) as of the Closing the Shareholders of the Company shall have adopted resolutions authorizing the Company to execute and deliver a Warrant, substantially in the form annexed hereto as Exhibit B and such Warrant shall constitute the valid and binding obligation of the Company, and its shareholders to make any necessary increases in the capitalization of the Company and to issue the requisite shares upon exercise of the Warrant.

(4) At the Closing, we shall deliver the Purchase Price to you against delivery by you to us of (a) certificates representing the Shares, registered in our name or that of our nominee, (b) the Warrant, (c) a certificate of the President of the Company together with the Secretary of the Company to the effect that the representation and warranties contained in paragraph 3 of this Agreement are true and correct as of the Closing, as if made at the Closing, and (d) copies of the resolutions referred to in paragraph 3 (d) and 3 (e) of this Agreement, certified by the Secretary of the Company.

If the foregoing is in accordance with our understanding, kindly countersign the enclosed copy of this letter at which time a binding agreement shall exist between us.

Very truly yours,

I.I.T. Management Company, S.A.
on behalf of IIT, an
International Investment Trust

By _____

By _____

Accepted and Agreed:

Vencap Limited

By _____

EXHIBIT "A"

VENCAP LIMITED

An Extraordinary General Meeting of the members of the above-named Company was held at the Registered Office of the Company, Building No. 309, Bay Street, Nassau, Bahamas on the 31st day of August, A.D., 1972 at 11.00 o'clock in the forenoon.

All of the members were present in person or by proxy, namely:-

Anthony Nomikos Klonaris,

Jeremy Carson James Waddell,

Evelyn Priscilla Bradley,

Joan Lynn Thompson, by her proxy
Jeremy Carson James Waddell,

Mavis Edna Seymour,

Richard C. Pistell, and

Armoury de Riencourt, by his proxy
Richard C. Pistell.

On motion, Mr. Richard C. Pistell, the President of the Company, took the Chair and Mr. Jeremy Carson James Waddell acted as Secretary of the meeting.

The Chairman presneted the proxy from Mr. Armoury de Riencourt, authorising Mr. Pistell to represent him at this meeting. The said proxy was read to the meeting and ordered to be attached to these minutes.

Mr. Jeremy Carson James Waddell presented the proxy from Mrs. Joan Lynn Thompson, authorising Mr. Waddell to represent her at this meeting. The said proxy was read to the meeting and ordered to be attached to these minutes.

The minutes of the First General meeting of the members held on the 4th day of July, A.D, 1972 were read and confirmed.

On motion duly made and seconded, the following Ordinary Resolution was unanimously agreed to, namely:-

RESOLVED that the capital of the Company be increased to US$3,010,000 divided into 10,000 Ordinary Shares of US$1 each and 30,000 Redeemable Preference Shares of US$100 each by the creation of 5,000 Ordinary Shares ranking in all respects pari passu with the existing Ordinary Shares in the Capital of the Company and 30,000 Redeemable Preference Shares of US$100 each conferring upon the holders thereof the following rights and issued subject to the following provisions:-

(1) The right in a winding-up of the Company to repayment of the capital paid up thereon in priority to the Ordinary Shares but shall not entitle the holders thereof to any further or other participation in the profits or assets of the Company in a winding-up;

(2) The right to receive out of the profits of the Company which it shall be determined to distribute in respect of any fiscal year of the Company to 31st December a fixed non-cumulative dividend at the rate of six per cent per annum on the capital for the time being paid up thereon in priority to any dividend on the Ordinary Shares provided that no dividend shall be payable in respect of any of the said shares which were not issued and fully paid on the first day of such fiscal year;

(3) The right to receive a further non-cumulative dividend if declared in respect of each fiscal year of the Company and in priority to any dividend on the Ordinary Shares in respect of the said fiscal year of an aggregate amount equal, as a class, to one-third of the Residual Earnings of the Company for the said fiscal year.

"Residual Earnings" shall mean for the purposes hereof the net earnings of the Company calculated without regard to any extraordinary items for the said fiscal year, as certified by its auditors, after deduction therefrom of (i) all amounts charged against such net earnings in respect of all taxes, duties or other impositions, (ii) the said 6% dividends provided in paragraph (2) hereof, and (iii) interest, dividends or other distributions paid to the holders of any class of shares or securities of the Company carrying rights to such dividends in priority to the rights of the holders of the said Redeemable Preference Shares. The certificate of the independent firm of public accountants regularly employed by the Company in the audit of its books shall be conclusive and binding upon the Company and the holders of the Redeemable Preference Shares with respect to the amount of the Company's net earnings and the amount of the Residual Earnings.

(4) The said dividends provided in paragraphs (2) and (3), if declared, hereof shall be declared and paid by the Company within 60 days of the receip by the Company of its Auditors report and audited balance sheet for each fiscal year of the Company;

(5) The Company at its option may redeem out of any profits or monies of the Company which may lawfully be applied for that purpose all or any of the Redeemable Preference Shares outstanding at any time by paying therefor in cash US$100 per share plus an amount per share, payable in lieu of the dividends provided in paragraphs (2) and (3) hereof, equal to a dividend accrui at the rate of six per cent per annum on the capital for the time being paid up in respect of the period commencing on the first day of the fiscal year of the Company in which the redemption occurs and ending on the date of redempti Notice of redemption specifying the time and place of redemption shall be mai to the holders of Redeemable Preference Shares whose shares are to be redeeme at their respective addresses as the same may appear on the records of the Company at least fifteen days prior to the date specified therein for redempt From and after the date specified in any such notice as the redemption date, unless the Company shall fail to provide monies at the time and place specifi in such notice for the payment of the redemption price, all rights of the holders thereof as shareholders of the Company, except the right to receive the redemption price, shall cease and terminate. If the Company should at any time determine to redeem a part only of the said Redeemable Preference shares for the time being outstanding, the shares to be redeemed shall be determined by a drawing to be made by the directors at the Registered Office of the Company or such other place as the directors may determine;

(6) The said Redeemable Preference Shares shall not entitle the holders to receive notice of or attend or vote at any general meeting by virtue of their holdings thereof unless the business of the meeting includes the consideratio of a resolution for the sale of the undertaking of the Company or for alterin the objects of the Company or for winding-up the Company or any resolution varying or abrogating any of the special rights or privileges attached to the said Redeemable Preference Shares or for the creation of any class of shares c securities of the Company carrying rights as to dividend or in a winding -

up of the Company in priority to the said Redeemable Preference Shares in which case they shall only be entitled to vote on any such resolution.

On motion duly made and seconded, Mr Jeremy Carson James Waddell, an Assistant Secretary of the Company, was instructed to record a copy of this Ordinary Resolution with the Registrar General.

On motion, the meeting adjourned.

Chairman.

Assistant Secretary.

A. N. Klonaris.

Evelyn P. Bradley

Mavis Seymour

Signed by Jeremy Carson James Waddell as proxy for:- Joan Lynn Thompson.

Signed by Richard C. Pistell as proxy for:- Armoury de Riencourt.

1610A

EXHIBIT "B"

VENCAP LIMITED

WARRANT TO PURCHASE REDEEMABLE PREFERENCE SHARES

(Void after , 1975)

THIS CERTIFIES THAT, for value received,

, or registered assigns is entitled, subject to the terms and conditions hereinafter set forth, to purchase from Vencap Limited, a company limited by shares organized under the laws of the Bahama Islands (the "Company"),

fully paid and non-assessable Redeemable Preference Shares U.S.$100 par value, of the Company (the "Shares"), ranking in all respects pari passu with the existing Redeemable Preference Shares in the capital of the Company upon presentation and surrender of this Warrant with the Subscription Form duly executed, at any time on or before , 1975, at its registered office at any time during usual business hours, and upon payment of the par value thereof in full in cash.

This Warrant is one of an issue of Warrants entitling the holders to purchase an aggregate of 30,000 Redeemable Preference Shares of the Company.

This Warrant shall not entitle the holder to any voting rights or other rights as a shareholder of the Company and no cash dividend paid out of earnings or surplus shall be payable or accrue in respect of this Warrant or the Shares until and unless, and except to the extent that, the rights to purchase the Shares are exercised.

Prior to due presentment for registration of transfer of this Warrant, the Company may treat the registered holder as the absolute owner for all purposes, and the Company shall not be affected by any

1611A

SUBSCRIPTION

Vensay Limited,

309 Dey Street,

Nassau, Bahamas.

The undersigned hereby irrevocably subscribes for Redeemable Preference Shares of the Company pursuant to and in accordance with the terms and conditions of this Warrant, and herewith makes payment of US$ for them, and requests that a certificate for such number of shares be issued in the name of the undersigned and be delivered to the undersigned at the address stated below, and, if such number of the shares shall not be all of the shares comprised in this Warrant, that a new Warrant for the remaining balance of the shares be delivered to the undersigned at the address stated below.

Dated:

Signed:_____

Address:

1612A

Plaintiff's Exhibit 12-263

PLAINTIFF
EXHIBIT
U. S. Dist. Court
S. D. of N. Y.

12-263

APR 12 1973

Purchase Agreement dated the 29th day of September, 1972, by and between VENCAP LIMITED, a Bahamian corporation ("Purchaser") and IOS INSURANCE HOLDINGS LTD. a Canadian corporation ("Seller").

WHEREAS Purchaser is desirous of purchasing from Seller and Seller is desirous of selling to Purchaser 1,700,000 ordinary shares (hereinafter the "Irco Shares") of The International Reinsurance Company Limited ("Irco"), a Bahamian corporation, which represents all the issued and outstanding capital stock of Irco, all in accordance with, and subject to the terms and conditions hereof.

NOW, THEREFORE in consideration of the above premises and of the representations, warranties and agreements herein contained the parties hereto agree as follows:

1. Seller agrees to sell, assign and transfer to Purchaser, and Purchaser agrees to purchase the Irco Shares from Seller at the closing provided for herein (the "Closing").

2. In consideration of the sale, assignment and transfer of the Irco Shares by Seller to Purchaser pursuant to this Agreement, Purchaser agrees to pay to Seller at the Closing $2,650,000 (U.S.) in the manner and form provided for in Paragraph 3 hereof.

3. (a) The Closing shall take place at 10 a.m. on October 16, 1972, or such other date as shall be mutually agreed upon in writing by Purchaser and Seller (the "Closing Date") at the offices of Bahamas Commonwealth Bank Limited, Nassau, Bahamas.

(b) On or prior to the Closing Date, Purchaser shall enter into the Loan Agreement in the form annexed hereto as Exhibit I.

(c) At the Closing, Seller shall deliver to Purchaser: (i) certificates duly endorsed in blank, representing the Irco shares and (ii) Irco's insurance license and an assignment thereof; and Purchaser shall deliver to Seller: (i) a certified or cashier's check payable to the order of Seller in the amount of $700,000 (U.S.); (ii) a non-interest bearing Note in the form annexed hereto as Exhibit A in the principal amount equal to the amount of the indebtedness of I.O.S., Ltd., to Irco on the Closing Date; and (iii) a 7% Note in the form annexed hereto as Exhibit B in the principal amount equal to the balance of the Purchase Price.

4. The obligations of Purchaser hereunder are, at the option of Purchaser, subject to compliance with each of the following conditions at or prior to the Closing Date:

(a) All the terms, covenants and conditions hereof to be complied with and performed by Seller on or

before the Closing Date shall be duly complied with and performed.

(b) All consents, approvals, authorizations, waivers or orders of any court, tribunal, arbitrator or governmental agency or body or Union or any other person required or necessary for the transfer of the Shares in accordance with this Agreement shall have been obtained.

(c) Purchaser shall have made such examination of the books and records of Irco as Purchaser may deem necessary and shall, in its sole judgment, have been satisfied that the assets and liabilities of Irco are as represented to Purchaser by Seller.

5. The obligations of Seller hereunder are, at the option of Seller, subject to compliance with each of the following conditions at or prior to the Closing Date:

(a) All the terms, covenants and conditions hereof to be complied with and performed by the Purchaser on or before the Closing Date shall be duly complied with and performed.

(b) All consents, approvals, authorizations, waivers or orders of any court, tribunal, arbitrator, governmental agency or body or Union or any other person required or necessary for the transfer of the Irco shares in accordance with this Agreement shall have been obtained.

6. (a) Purchaser hereby represents and warrants as follows:-

(1) Purchaser is a duly organized and validly existing corporation in good standing under the laws of the Bahama Islands, and is duly qualified to do business in each jurisdiction in which such qualification is required by the nature of its properties or its activity;

(2) Purchaser has all requisite power and authority under the laws of the Bahama Islands and applicable laws and regulations to enter into and perform all of the obligations under this Agreement and the Loan Agreement and to issue and perform all of its obligations under the Notes;

(3) Each Note will be a valid and binding obligation of Purchaser, enforceable in accordance with its terms; and

(4) No approval, license or consent of or registration or filing with any governmental authority is required in connection with the execution, delivery and performance by Purchaser of this Agreement, the Loan Agreement or the Notes. other than Exchange Control approval for the transfer of the Irco shares to Purchaser and approval of Purchaser as non-resident for Exchange Control purposes (which approval has been received).

(b) Seller hereby represents and warrants as follows:-

(1) Irco is a duly organized and validly existing corporation in good standing under the laws of the Bahama Islands and is duly qualified to do business in each jurisdiction in which such qualification is necessary.

(2) Seller has all requisite power and authority under applicable laws and regulations of Canada and the Bahamas (i) to enter into and perform all of its obligations under this Agreement and (ii) to transfer Irco's insurance license to Purchaser at the Closing.

(3) Irco has an authorized capital consisting of 1,700,000 shares of stock, (U.S.) $1.00 par value per share, of which 1,700,000 shares are duly issued and outstanding, fully-paid and non-assessable.

(4) At the Closing, Purchaser will acquire title to the Irco Shares, free and clear of all liens, encumbrances, equities and claims whatsoever.

(5) No approval, license or consent of, or registration or filing with, any governmental authority is required in connection with the execution and performance by Seller of this Agreement and the transfer of the Irco shares and insurance license to Purchaser pursuant hereto other than Exchange Control approval for the transfer of the Irco shares to Purchaser and approval of Irco as non-resident for Exchange Control purposes (which approval has been received).

Rider 2

(c) None of the representations and warranties made by either the Purchaser or the Seller shall survive the Closing.

7. Seller and Purchaser represent and warrant to the other that neither they nor anyone acting on their behalf have incurred any obligations for brokerage or finder's fees in respect of the transactions provided for herein or taken any action relating to any broker or finder which could result in the imposition upon either of them of any obligation for such a fee.

8. Any notice, request, instruction or other document to be given hereunder, shall be in writing and, except as otherwise provided for herein, shall be delivered personally or sent by registered or certified mail as follows:

(i) If to the Purchaser:

309 Bay Street
Nassau, Bahamas

with a copy to:

Havens, Wandless, Stitt & Tighe
99 Park Avenue
New York, N.Y. 10016
Attn: David G. Taylor, Esq.

(ii) If to Seller:

5 Grafton Street
London, W.1., England

or to such other address as any party hereto hereinafter designates in writing to any other party hereto.

9. This Agreement shall not be assignable by either party hereto.

10. This Agreement cannot be modified, changed, discharged or terminated except by an instrument in writing, signed by the party against whom the enforcement of any waiver, change, discharge or termination is sought. This Agreement including the exhibits hereto contains the entire understanding among the parties with respect to the transactions covered hereby.

11. Neither party shall make any announcement relating to the transactions contemplated by this Agreement without the prior written consent of the other party.

12. This Agreement will be construed and governed in accordance with the laws of the Commonwealth of the Bahama Islands and the parties agree that the courts of the Commonwealth of the Bahama Islands shall have sole jurisdiction of all claims or suits pertaining to this Agreement and the parties hereby consent to the jurisdiction of the courts of the Commonwealth of the Bahama Islands for such actions and agree to be bound by the decree of such courts.

13. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed in Nassau, Bahamas as of the day and year first above written.

Purchaser

VENCAP LIMITED

By David D. Taylor, on behalf of Richard C. Pistell, pursuant to a Power of Attorney dated October 4, 1971.

Seller

IOS INSURANCE HOLDINGS ~~LIMITED~~ Ltd.

By Milton Nauss

EXHIBIT I

1621A

VENCAP LIMITED
309 Bay Street,
Nassau, N.P., Bahamas

, 1972

IOS Insurance Holdings Ltd.
5 Grafton Street,
London, W. 1., England

Gentlemen:

VENCAP LIMITED, a Bahamas corporation (the "Company") hereby agrees with you as follows:

1. Authorization of Issue of Notes. The Company has authorized the issue of U.S.$ principal amount of its 7% promissory notes due December 31, 1977 (the "7% Note") and the issue of U.S.$ principal amount of its interest-free promissory notes (the "Interest-free Note") due on the Payment Date, as hereinafter defined. The 7% Note and the Interest-free Note are in the form of Exhibits A and B hereto respectively, such Notes, together with all Notes issued in exchange therefor or in replacement thereof, are herein collectively called the "Notes". The 7% Note shall bear interest at the rate of 7% per annum, payable semi-annually, commencing June 30, 1973, on the last day of June and December in each year through and including December 31, 1977.

2. Issue of the Notes. Subject to the terms and conditions of the Purchase Agreement between us dated September 29, 1972 and the terms and conditions hereof, the Company will issue to you, and you will acquire from the Company, U.S. $ principal amount of Notes. The Notes will be delivered to you in the form of one 7% Promissory Note and one Interest-free Promissory Note, each dated the

1622A

Closing Date, payable to you in Nassau, Bahamas. The Notes will be issued to you in partial consideration of the Company's purchase of the International Reinsurance Company Limited ("Irco") from you at the Closing. The Closing will be held in Nassau, Bahamas on , 1972 (the "Closing Date").

3. The Interest-Free Note. The Interest-free Note is due and payable on the date on which I.O.S., Ltd., your sole stockholder (herein called the "Parent Corporation") satisfies its indebtedness to Irco in the amount of $, which is the amount of the Parent Corporation's indebtedness to Irco on the date hereof. The Company will at such time or within three (3) days thereafter (the "Payment Date") deliver to you a certified or cashier's check, payable in U. S. dollars to your order, in an amount equal to the unpaid principal amount of the Interest-free Note. You shall give fifteen (15) days written notice to the Company and to Irco stating that payment will be made to Irco in Nassau and stating the date on which payment will be made. It is understood and agreed that the obligations of the Company relating to the Interest-free Note in this Agreement and the obligations contained in the Interest-free Note are conditional upon payment to Irco of the Parent Corporation's indebtedness to Irco, and the Company shall have no liability to you thereunder in the event that such payment is not made by your Parent Corporation. In the event that the Parent Corporation shall satisfy less than all of its indebtedness to Irco, the Company will discharge its indebtedness to you to the extent that the Parent Corporation indebtedness to Irco has been satisfied.

4. Prepayments. The Company shall have the right to prepay the Notes at any time, in whole or in part, without premium.

5. Events of Default. Upon the occurrence of any of the following Events of Default:

(a) Failure of the Company to pay the principal on the Notes when due; or failure to pay interest on the ... Note within ten (10) days after such interest is due; or

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(b) Any material default by the Company in the observance or performance of any of the covenants or agreements contained in this Agreement, if such default is not remedied with 15 days after written notice thereof shall have been given to the Company by the holder of the 7% Note; or

(c) If any indebtedness of the Company for borrowed money (other than the Notes) shall become or be declared to be due or payable prior to the stated maturity thereof or if any indebtedness of the Company for borrowed money (other than the Notes) shall become due or payable, and such default shall continue and remain unwaived by the lender for more than the period of grace therefor; or

(d) Filing by the Company of a voluntary petition in bankruptcy or a petition seeking reorganization, or an arrangement with creditors , or to take advantage of any bankruptcy, reorganization, insolvency, readjustment or debt, dissolution or liquidation law or statute; the application by the Company or the appointment with the Company's consent or acquiescence of a receiver or trustee for the Company or for all or a substantial part of its property; the making by the Company of an assignment for the benefit of creditors; the inability of the Company or the admission by the Company in writing of its inability to pay its debts as they mature; the commission by the Company of any act of bankruptcy; or

(e) A judicial determination of bankruptcy pursuant to an involuntary petition filed against the Company in bankruptcy or seeking reorganization, or an arrangement with creditors, or to take advantage of any bankruptcy, reorganization insolvency, readjustment or debt, dissolution or liquidation law or statute; or

(f) The involuntary appointment of a receiver or trustee of the Company or for all or a substantial part of its property and the continuance of any of such events for 60 days undismissed, unbonded or undischarged;

then, and in any such event, the holder of the 7% Note may (unless all remedies thereunder shall have been remedied) at its option, by written notice of default given to the Company, declare the entire principal amount of the 7% Note to be forthwith due and payable, whereupon the entire princi

amount of the 7% Note outstanding shall become due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived.

6. Financial Statements. While the 7% Note is outstanding, Purchaser will deliver to the holder thereof: (i) within 60 days after the end of each quarterly fiscal period of the Company an unaudited balance sheet and income statement of the Company; and (ii) within 90 days after the end of each fiscal year of the Company a balance sheet and income statement of the Company audited by independent certified public accountants.

7. Amendments and Consents. Neither this Agreement nor the Notes attached as Exhibit "A" and "B" may be changed or terminated orally, but either may be amended only by written agreement negotiated and signed without the jurisdiction of the United States of America by the party against whom enforcement of any waiver, change, modification or discharge is sought.

8. Notices. All communications required or provided for hereunder shall be sufficient for all purposes hereof if sent by first class mail and, if to you, addressed to you in the manner in which this letter is addressed, and if to the Company, addressed to 309 Bay Street, Nassau, Bahamas, attention: Mr. R. C. Pistell, or to such other address with respect to either party as such party shall notify the other in writing and to all holders of the Notes at their respective addresses as shown on the books of the Company.

9. Assignment. This Agreement shall not be assignable by either party hereto.

10. Governing Law. This Agreement will be construed and governed in accordance with the laws of the Commonwealth of the Bahama Islands and the parties agree that the courts of the Commonwealth of the Bahama Islands shall have sole jurisdiction of all claims or suits pertaining to this Agreement and the parties hereby consent to the jurisdiction of the courts of the Commonwealth of the Bahama Islands for such actions and agree to be bound by the decree of such courts.

1625A

11. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

If you are in agreement with the foregoing, please sign the form of acceptance on the enclosed counterpart of this Agreement and return the same to the undersigned, whereupon this Agreement shall become a binding agreement between you and the undersigned.

Very truly yours,

VENCAP LIMITED

By:_____

The foregoing Agreement is hereby accepted in Nassau, Bahamas as of the date first above written.

IOS INSURANCE HOLDINGS LTD.

By:_____

By:_____

1626A

Plaintiffs' Exhibit 12-265

PLAINTIFF
EXHIBIT
U. S. Dist. Court
S. D. of N. Y.

12-265 //

APR 12 1973

1627.1

VENCAP LIMITED

WARRANT TO PURCHASE REDEEMABLE PREFERENCE SHARES

(Void after October 8 , 1975)

THIS CERTIFIES THAT, for value received, IIT, an International Investment Trust, or registered assigns is entitled, subject to the terms and conditions hereinafter set forth, to purchase from Vencap Limited, a company limited by shares organized under the laws of the Bahama Islands (the "Company"), Thirty Thousand (30,000) fully paid and non-assessable Redeemable Preference Shares, U.S. $100 par value, of the Company (the "Shares"), ranking in all respects pari passu with the existing Redeemable Preference Shares in the capital of the Company upon presentation and surrender of this Warrant with the Subscription Form duly executed, at any time on or before October 8 , 1975, at its registered office at any time during usual business hours, and upon payment of the par value thereof in full in cash.

This Warrant shall not entitle the holder to any voting rights or other rights as a shareholder of the Company and no cas dividend paid out of earnings or surplus shall be payable or accr

in respect of this Warrant or the Shares until and unless, and except to the extent that, the rights to purchase the Shares are exercised.

Prior to due presentment for registration of transfer of this Warrant, the Company may treat the registered holder as the absolute owner for all purposes, and the Company shall not be affected by any notice to the contrary.

IN WITNESS WHEREOF the Company has caused this Warrant to be executed in its corporate name.

Dated: October 9, 1972

VENCAP LIMITED

By _____
President

Attest:

_____
Secretary

* * * * * * *

ASSIGNMENT

For value received, IIT, an International Investment Trust hereby sells, assigns, and transfers unto

this Warrant and the rights represented by it to purchase the Shares in accordance with its terms and conditions, and does

hereby irrevocably constitute and appoint

Attorney to transfer this

Warrant on the books of the Company, with full power of

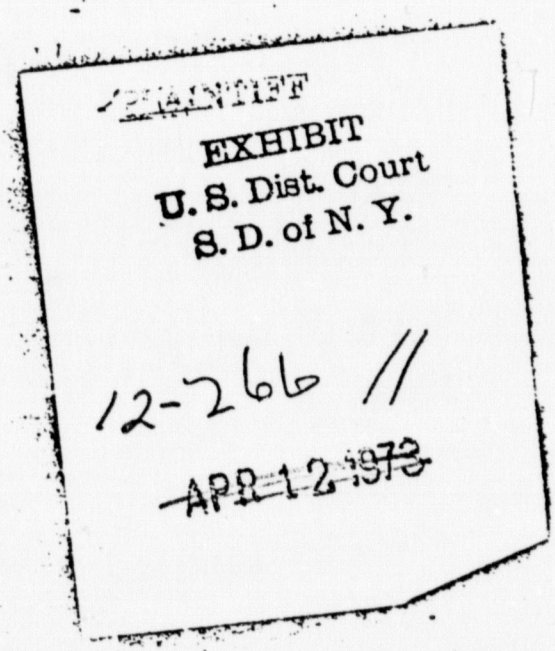
substitution.

Dated:

Signed: _____

1630A

Plaintiffs' Exhibit 12-266



1631A

VENCAP LIMITED

Certificate of President and Secretary

WE, RICHARD C. PISTELL, President, and CHARLES E. MURPHY, JR., ecretary of Vencap Limited, a Bahamian corporation (the "Corporation"), O HEREBY CERTIFY that we are familiar with the terms and provisions of he Agreement, dated September 29, 1972 (the "Agreement") between .I.T. Management Company, S.A. on behalf of IIT, an International nvestment Trust ("IIT") and the Corporation, and the certificate rep- esenting 30,000 Redeemable Preference Shares being issued by the orporation and the Warrant being delivered to IIT on the date hereof ursuant to the Agreement; and we further certify that the representa- ions and warranties of the Corporation contained in Paragraph 3 of he Agreement are true and correct as of the date hereof, except that here are 4,000 Ordinary Shares of the Corporation outstanding.

IN WITNESS WHEREOF, we have herunto signed our names and ffixed the seal of Vencap Limited this 9th day of October, 1972.

Richard C. Pistell
President

Charles E. Murphy, Jr.
Secretary

ONLY COPY AVAILABLE

1632A

EXHIBIT
U. S. Dist. Court
S. D. of N. Y.

Plaintiffs' Exhibit 12-267

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I.I.T. MANAGEMENT COMPANY S.A.

DR 12 1973

October 9, 1972

Bahamas Commonwealth Bank Limited
Charlotte House
Nassau, Bahamas

Gentlemen:

You are hereby instructed to pay from the funds held at your bank for the account of the undersigned, IIT, an International Investment Trust, to the account of Vencap Limited at your bank, the sum of U.S. $3,000,000.

Very truly yours,

I.I.T. Management Company, S.A.
on behalf of IIT, an
International Investment Trust

By _____

ONLY COPY AVAILABLE

VENCAP LIMITED

INCORPORATED
IN THE COLONY OF THE BAHAMAS UNDER THE COMPANIES ACT

Capital US$3,010,000 divided into 10,000 Ordinary Shares of US$1 each
and 30,000 Redeemable Preference Shares of US$100 each

No. 1 US$100 Redeemable Preference ~~XR&X~~ SHARES

This is to Certify that INTERNATIONAL INVESTMENT TRUST

of LUXEMBOURG

is the registered holder of THIRTY THOUSAND

REDEEMABLE PREFERENCE
Share's numbered 1 to 30,000 inclusive, in the above-named Company, subject to the Memorandum and Articles of Association thereof, and that the sum of One Dollar has been paid up upon each of the said shares.

GIVEN under the Common Seal of the said Company this 24th day of October A.D. 1972

The Common Seal of the said Company was hereunto affixed in the presence of

VICE - PRESIDENT

Assistant SECRETARY

Any portion of the shares comprised in this Certificate can be registered unless accompanied by this Certificate.

1633A

EXHIBIT
U.S. Dist. Court
S.D. of N.Y.

Plaintiffs' Exhibit 12-268

-268

ONLY COPY AVAILABLE

TRANSFER

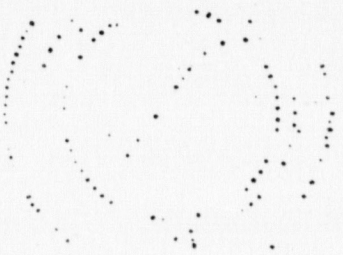
1. 1834A FOR GOOD AND VALUABLE CONSIDERATION

RECEIVED BY ME FROM

DO HEREBY TRANSFER TO THE SAID

THE SHARE NUMBERED TO

INCLUSIVE STANDING IN MY NAME IN THE REGISTER OF



TO HOLD UNTO THE SAID

HIS EXECUTORS, ADMINISTRATORS AND ASSIGNS, SUBJECT TO THE SEVERAL CONDITIONS ON WHICH I HELD THE SAME AT THE TIME OF EXECUTION THEREOF: AND I, THE SAID

DO HEREBY CONSENT THAT MY NAME REMAIN ON THE REGISTER OF THE SAID COMPANY UNTIL SUCH TIME AS THE SAID COMPANY MAY ENTER THE TRANSFEREE'S NAME HEREOF: AND I, THE SAID

DO HEREBY AGREE TO TAKE THE SAID SHARE SUBJECT TO THE SAME CONDITIONS.

AS WITNESS OUR HANDS

SIGNED BY THE SAID

ON THE DAY OF 19

IN THE PRESENCE OF

WITNESS

TRANSFEROR

SIGNED BY THE SAID

ON THE DAY OF 19

IN THE PRESENCE OF

WITNESS

TRANSFEREE

COMPANY RECORD

PRESENTED TO ME FOR TRANSFER

THIS DAY OF 19

SECRETARY

TRANSFER APPROVED

THIS DAY OF 19

SECRETARY

ONLY COPY AVAILABLE

AINTIFF
EXHIBIT
S. Dist. Court
D. of N. Y.
0 1973
69 A.
19 1675

1635A

Plaintiffs' Exhibit 12-269

VENCAP LIMITED

309 Bay Street

Nassau, Bahamas

31st July, 1972

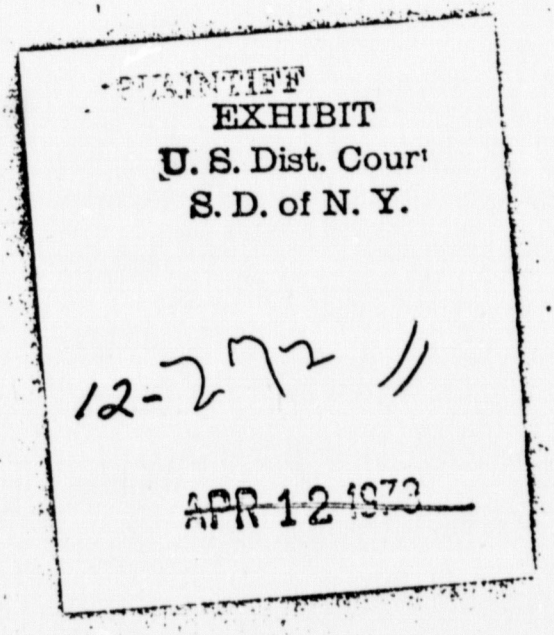
In consideration of US$150,000 paid by Sociedad Agricola Industrial San Cristobal S.A. ("San Cristobal") to Vencap Limited ("Vencap"), Vencap does hereby release and forever discharge San Cristobal, International Investment Trust (Luxembourg) S.A., Trident Bank Limited and Inter-American Capital S.A., their respective successors and assigns, from all claims, actions, liabilities and demands which against any of them, Vencap ever had, now has or for its successors and assigns hereafter can, shall or may have upon or by reason of any matter, cause or thing whatsoever to the date hereof.

VENCAP LIMITED

By _____
President

1636A

Plaintiffs' Exhibit 12-272



1637A

AGREEMENT OF SALE

I, Amaury de Riencourt, in consideration of:

Seven Thousand Dollars U.S. ($7,000)

payable to me by the undersigned Richard C. Pistell as follows:

(i) a check in the amount of U.S. Dollars 2,000, and

(ii) a promissory note in the principal amount of $5,000 due January 31, 1974, bearing an interest at the rate of 6% per annum,

the receipt of which is hereby acknowledged, hereby agrees to sell to Purchaser all his right, title and interest in and to the two thousand (2,000) shares numbered 2,001 to 4,000 standing in my name in the Register of Vencap Limited ("The Company") such shares being represented by share certificate number 7.

Purchaser hereby warrants and agrees that: said shares are being purchased by him for investment, and not with a view to the distribution thereof or any part thereof; upon the payment by Amaury de Riencourt to Carson, Lawson & Co. for the account of The Company of U.S. dollars 2,000 as the subscription price of said shares, said subscription price will have been paid in full and said shares will be fully-paid and non-assessable; no voting or other action with respect to said shares has heretofore been, or will hereafter be, taken pursuant to the proxy heretofore given by Amaury de Riencourt to E. Raymond Lawson or J.C.J. Waddell, with power of substitution; and Purchaser will cause said shares to be forthwith transferred into his name in the Register of The Company.

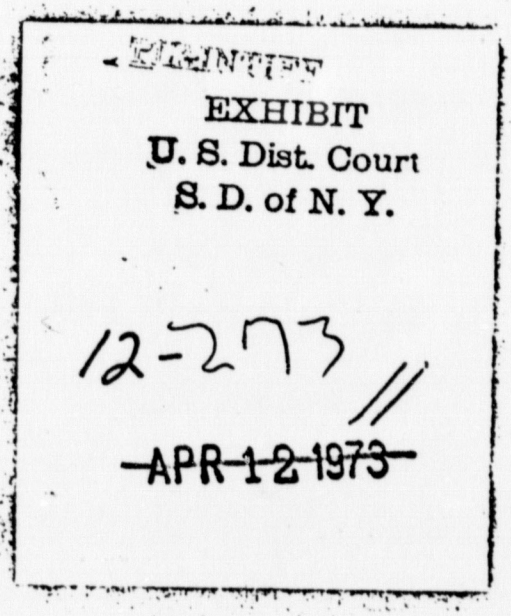
Dated: Jan 17, 1973

Amaury de Riencourt

Richard C. Pistell
(Purchaser)

1638A

Plaintiffs' Exhibit 12-273



1639A

RELEASES

WHEREAS Amaury de Riencourt has sold to Richard C. Pistell the 2,000 shares standing in the former's name in the Register of each of Vencap Corporation Limited and Vencap Limited, and

WHEREAS Richard E. Pistell has repaid to Amaury de Riencourt the full amount of the advance previously made by the latter in connection with a proposed Canadian mining venture, with interest,

NOW THEREFORE, in consideration of the mutual releases herein contained, Richard C. Pistell and Amaury de Riencourt has each remised, released and forever discharged the other, and by these presents each does for his heirs, executors, administrators, successors and assigns remise, release and forever discharge the other, his heirs, executors, administrators, successors and assigns of and from all manner of actions, causes of action, suits, debts, dues, sums of money, accounts, reckoning, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, extents, executions, claims and demands whatsoever, in law, in admiralty, or in equity, which each ever had or now has against the other or which the heirs, executors or administrators of each hereafter can, shall or may have for, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the day of the date of these presents, except only the obligation of Richard C. Pistell to Amaury de Riencourt on a promissory note dated the date of these presents in the amount of $5,000, and the obligation of Amaury de Riencourt to make payment to Carson, Lawson & Co., of Nassau, Bahamas, for the account of Vencap Limited, of $2,000 as the subscription price of the shares of said company sold by Amaury de Riencourt to Richard C. Pistell as recited above.

IN WITNESS WHEREOF, the undersigned hereunto set their hands and seals the 17th day of January 1973.

L.S.
Amaury de Riencourt

L.S.
Richard C. Pistell

1640A

Plaintiffs' Exhibit 12-274

PLAINTIFF'S
EXHIBIT
U. S. Dist. Court
S. D. of N. Y

12-274

APR 12 1973

VENCAP LIMITED

Resolution of the Directors pursuant to Article 66 of the Articles of Association.

- - - - - - - -

RESOLVED that the following officers of the Company or any one of them, are duly authorised to execute and deliver any and all agreements, promissory notes, or other documents which may be required by Handelskredit Bank AG or any party designated by it (the 'Bank') in connection with a loan to be made by the bank to Intercapital N.V. in an amount which does not exceed the amount of funds of the Company currently on deposit with the Bank.

Richard C. Pistell,
President & Treasurer

E. Raymond Lawson,
Vice-President

David G. Taylor,
Assistant Secretary

J. C. J. Waddell,
Assistant Secretary

DATED the 19th day of January, A.D., 1973.

Richard C. Pistell
Director

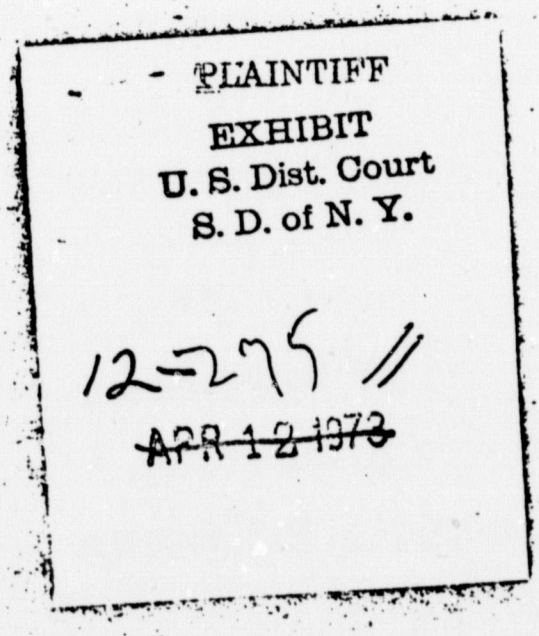
Director

Director

J. C. J. Waddell
Director

1642A

Plaintiffs' Exhibit 12-275



1643A

VENCAP LIMITED

CERTIFICATE AND SPECIMEN SIGNATURES

In accordance with Resolutions of the Board of Directors of Vencap Limited (the 'Company'), the following officers of the Company or any one of them, are duly authorised to execute and deliver any and all agreements, promissory notes, or other documents which may be required by Handelskredit Bank AG or any party designated by it (the 'Bank') in connection with a loan to be made by the bank to Intercapital N.V. in an amount which does not exceed the amount of funds of the Company currently on deposit with the Bank.

Richard C. Pistell
President & Treasurer

E. Raymond Lawson
Vice-President

David G. Taylor
Assistant Secretary

J. C. J. Waddell
Assistant Secretary

DATED the 19th day of January, A.D., 1973.

J. C. J. Waddell
Assistant Secretary.

Plaintiffs' Exhibit 12-276

PLAINTIFF'S
EXHIBIT
E. D. N. Y.

12-276

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PLEDGE AGREEMENT made as of February 1, 1973, between HANDELSKREDIT-BANK A.G., Talstrasse 82, 8001 Zurich, Switzerland (the "Bank"), and INTERCAPITAL N.V. ("Intercapital").

WHEREAS the Bank is lending Intercapital Five Hundred Ninety Thousand U. S. Dollars (U.S.$ 590'000.--), evidenced by the promissory note of Intercapital (the "Note") for such amount; and pursuant to a Loan Agreement of even date; and

WHEREAS to induce the Bank to make such loan Intercapital has agreed to pledge certain stock with the Bank as security for the repayment of such loan.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto agree as follows:

1. Pledge. Intercapital hereby pledges and assigns to the Bank 66,256 shares of the common stock of Pomaikai Oil Corporation ("Pledged Shares"). In case Intercapital shall receive any additional securities in respect of the Pledged Shares including, but not limited to, all securities received in connection with any recapitalization, reclassification, stock split, stock dividend or distribution, rights offering, reorganizati merger or consolidation of Pomaikai Oil Corporation, Intercapital shall forthwith pledge such securities under this Agreement and deliver certificates therefor, accompanied by stock powers duly executed in blank, to the Bank. Any such securities so pledged shall thenceforth be included in the term "Pledged Shares."

2. Security for Note. This Agreement is made and the Pledged Shares , assigned and pledged to secure the payment of the Note.

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3. Dividend. During the term of this Agreement, and so long as Intercapital is not in default in the performance of any term of this Agreement or in the payment of the principal or interest of the Note, all dividends paid on the Pledged Shares shall accrue to Intercapital or its designee.

4. Voting Rights. During the term of this Agreement and so long as Intercapital is not in default in the performance of any terms of this Agreement or in the payment of the principal or interest of the Note, Intercapital or its designee shall have the right to vote the Pledged Shares and the Bank shall execute, if necessary, due and timely proxies in favor of Intercapital or its designee to this end.

5. Default. If Intercapital defaults in the performance of any of the terms of this Agreement or in the payment at maturity of the principal or interest of the Note, the Bank shall have the right to sell, assign and deliver the whole or, from time to time, any part of the Pledged Shares, or any interest in any part thereof, at any private sale or at public auction for cash, on credit or for other property, and for such price or prices and on such terms as the Bank may determine. The Bank shall give Intercapital fifteen (15) days prior notice of the time and place of such sale. At any time up to 24 hours prior to the time of such proposed sale, Intercapital shall be entitled to redeem the Pledged Shares, provide that in the event of any such redemption, Intercapital shall reimburse the Bank for all costs and expenses incurred in connection with the redemption or the proposed sale. At any such sale the Bank may bid

for and purchase the whole or any part of the Pledged Shares so sold free from any right or equity of redemption. The Bank shall apply the proceeds of any such sale, together with any other moneys at the time held by it hereunder, to the payment of the costs and expenses of such sale and then to the payment of the principal and interest due on the Note and shall pay any balance of such proceeds to Intercapital. In the event that the proceeds of any sale are insufficient to cover the principal and interest of the Note plus expenses of such sale, Intercapital shall remain liable to the Bank for any deficiency.

6. Termination. Upon payment in full of the principal and interest on the Note, this Agreement shall terminate and the Bank shall return and assign to Intercapital all of the Pledged Shares as have not theretofore been sold or otherwise applied pursuant to the provisions of this Agreement.

7. All notices and other communications hereunder shall be in writing and shall be mailed by registered or certified airmail, postage prepaid, addressed

a) if to Intercapital N.V., at
Kerkstraat 8-B
Curacao, Netherlands Antilles
(Attn. Dr. J. A. Schiltkamp)

b) if to the Bank, at
HANDELSKREDIT-BANK A.G.
Talstrasse 82
8001 Zurich, Switzerland

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c) or to either party at such other address as such party from time to time may have designated by written notice to the other.

8. Assignment. This Pledge Agreement, and the Pledged Shares, may be assigned to another bank or lending institution, as provided for in the aforsaid Loan Agreement.

9. Applicable Law. This Pledge Agreement, and the interpretation and performance thereof, shall be governed by Swiss law.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day first above written.

INTERCAPITAL N.V.

By _____

HANDELSKREDIT-BANK A.G.

By _____

1649A

TRUST - AGREEMENT

Plaintiffs' Exhibit 12-277

concluded between

VENCAP LIMITED as lender
-hereafter called Depositor-

and the

HANDELSKREDIT-BANK A.G., Zurich, as trustee
-hereafter called Bank-

---

1. The Depositor places in a trust-account to be opened by the Bank in its name the amount of US$ 590'000.-- with instructions to grant a loan in the Bank's name, but for account and at the exclusive risk and peril of the Depositor to:

Name of borrower:	Intercapital N.V., Curaçao
Interest rate:	8.5% per annum
Interest payable date:	annually on December 31st in each year
Duration of loan/ period of notice:	as of February 1, 1973, until December 31, 1975
Further conditions:	subject to attached Pledge Agreement between Intercapital N.V. and the Bank

2. The interest due on the loan as per § 1. will be credited in full to the Depositor's above-mentioned account. Upon the Bank's receipt of the interest payment from Intercapital N.V. and after deduction of the trusteeship-commission, the Depositor is entitled to dispose of the remaining interest amount.

3. The Depositor agrees to pay to the Bank a trusteeship-commission equal to 1.5% per annum of the aforesaid principal amount (i.e. US$ 590'000.--). This commission is payable whether or not interest on the principal amount has been paid by Intercapital N.V., and is due and payable upon receipt of the annual interest payment.

Zurich, February 1, 1973

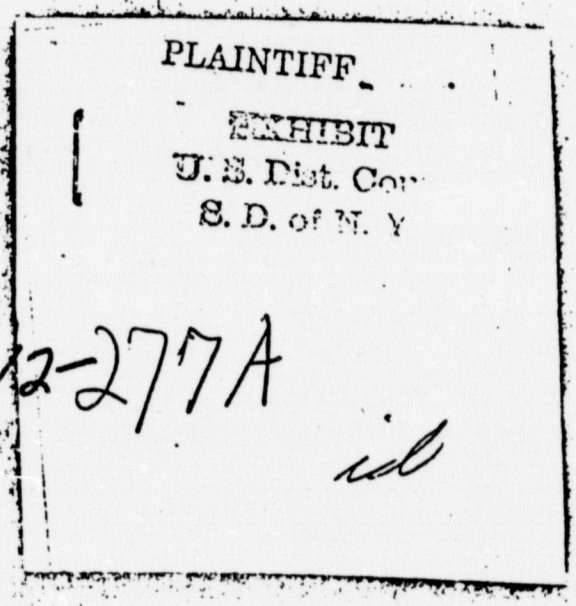
the Depositor:	the trustee:
VENCAP LIMITED	HANDELSKREDIT-BANK A.G.
By ... President	...

PLAINTIFF
EXHIBIT
U. S. Dist. Court

12-277

FEB 1976

Plaintiffs' Exhibit 12-277A



AGREEMENT entered into in Nassau, Bahamas this 26th day f March, 1973, by and between VENCAP LIMITED, a Bahamian Corporaion, having an office at 309 Bay Street, Nassau, Bahamas (hereinfter called the "Company"), and RICHARD C. PISTELL, President of he Company, residing at Lyford Cay Club, Nassau, Bahamas (hereinfter called "Pistell")

WHEREAS, Pistell has entered into a Pledge Agreement, ated February 1, 1973, with Intercapital N.V. ("Intercapital") ith respect to certain shares of Pomaikai Oil Corporation ("Pomaikai") wned by Pistell;

WHEREAS, Pistell offered in connection with the transaction eferred to in said Pledge Agreement to grant an option to the Company o purchase up to one-tenth of the total number of Pomaikai shares owned y him, and the Company desires to accept such offer.

NOW, THEREFORE, it is hereby agreed between Pistell and the ompany as follows:

1. Pistell hereby grants to the Company the irrevocable right, xercisable by the Company at any time prior to February 1, 1976, o acquire from Pistell up to an aggregate of 6,625 of the Pomaikai hares owned by Pistell or the equivalent number of shares of Flagedfern Oil Company ("Flag-Redfern") which are to be issued to istell by reason of the merger of Pomaikai into Flag-Redfern (such shares r any shares into which such shares may hereafter be converted are ereinafter referred to as the "Optioned Shares").

2. The purchase price per share for the Optioned Shares shall e $3.77 per Pomaikai share (or $11.95 per share of Flag-Redfern).

3. The aforesaid option shall be exercisable by the Company at

ONLY COPY AVAILABLE

any time and from time to time during the period commencing on February 1, 1973 and ending three years thereafter by the Company giving not less than sixty (60) days prior written notice to Pistell of such purchase by the Company which notice shall also set forth the number of Optioned Shares to be acquired by the Company at that time, the date on which the Company intends to make such acquisition, and the proposed plan of such acquisition.

4. The Company hereby acknowledges that Pistell has informed the Company that all of the Pomaikai shares owned by Pistell have been pledged by Pistell as security for a loan obtained by Pistell from Intercapital, and agrees that the actual exercise of the option contained herein is subject to the terms and conditions of the Pledge Agreement, dated February 1, 1973, between Pistell and Intercapital (the "Intercapital Pledge Agreement"). In the event that the Company shall give notice of its intention to exercise its option with respect to all or any part of the Optioned Shares, the Company, if requested, shall make such reasonable adjustments in its proposed plan of acquisition as may be required by Intercapital in order to permit the release by Intercapital (or any bank or financial institution to which the Optioned Shares have been assigned by Intercapital) of the number of Pomaikai or Flag-Redfern Shares specified in the Company's notice. Pistell agrees to use his best efforts to effect prompt release of such shares as soon as possible after receipt of the Company's notice.

5. In the event that Pistell shall receive notice of default from Intercapital pursuant to paragraph 5 of the Intercapital Pledge Agreement, Pistell shall immediately deliver a copy of

ONLY COPY AVAILABLE

such notice to the Company, and Pistell will, if requested by
e Company, take all steps which may reasonably be requested by
e Company in order to protect the Company's rights hereunder.
thout limitation of the foregoing, Pistell shall, if requested
the Company, exercise his right to redeem the Optioned Shares
om Intercapital with funds to be provided for this purpose by
e Company.

6. This Agreement and the performance thereof shall be
terpreted in accordance with, and shall be governed by, the
ws of the Bahamas.

IN WITNESS WHEREOF, the parties have executed this
reement in Nassau, Bahamas as of the day first above written.

VENCAP LIMITED

By _____

_____
Richard C. Pistell

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1654A

Plaintiffs' Exhibit 12-278

PLAINTIFF
EXHIBIT
U. S. Dist. Court
S. D. of N. Y.

12-278

APR 12 1973

1655A

VEN-CAP LIMITED

P. O. BOX N-4645 · NASSAU, BAHAMAS
TELEPHONE 21381

CHARD C. PISTELL
Chairman of the Board

The within Memorandum is submitted in connection with the private placement of securities referred to herein and may not be reproduced or used in whole or in part for any other purpose.
or

TO: International Capital Investments (Sterling) Limited
5 Grafton Street,
London W.1.

Attention: Mr. Stanley Graze

Private placement of Preferential Shares of Ven-Cap Limited, 30,000 Redeemable Preference Shares of US$100 each plus three year warrants to purchase a further 30,000 of such shares.

Ven-cap Limited ("the Company") is a non-resident Bahamian company formed under The Companies Act of the Bahamas and designated as such in accordance with Section 41(2) of the Exchange Control regulations of the Bahamas. Exchange Control permission for the incorporation of the Company and the issuance of shares under Regulation 8 has been obtained from the Bahamian Monetary Authority.

The Company was initially formed of a nominal capital of US$5,000 with ordinary common shares of US$1 par being issued therefor. A total of 5,000 such shares are authorized and outstanding. The primary purpose for organizing the Company was to afford a vehicle for knowledgeable investors of a limited number to participate through 'preferential capital investment' in a sophisticated investment program with respect to growth opportunities throughout the world. Management (see this topic below) offers a broad international and financial experience in venture capital programs.

The Company's purpose and philosophy are directed toward the sound investment of preferential capital utilizing management's contacts and experience in growth opportunities which are designed to reflect both short and long term returns on investment.

The principal stockholders of the Company are:- Amaury de Riencourt, an internationally known Investment Banker and Counsellor, resident in Paris and Richard C. Pistell, another internationally known Investor, Financial Consultant and Manager whose broad experience includes airline financing.

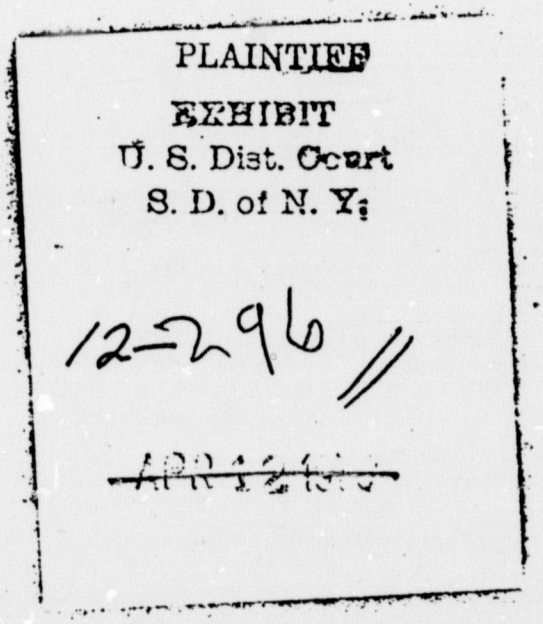
In addition, the Company is currently negotiating for the acquisition of an equity and debt position in a leading Caribbean air carrier with routes into Miami and other ports in Florida. Such an air carrier, whose name cannot at this juncture be disclosed pending conclusion of negotiations, is on the verge of introducing jet service to certain of its domestic and foreign routes. But, significantly, even in the absence of jet service with which it must compete with such international carriers as Pan Am and Eastern, such carrier has earned in excess of $350,000 in the past six months commencing March of 1972. The Company is contemplating an investment consisting of debt and equity of up to $1,500,000 which it believes will significantly contribute to the strengthening of operations and earnings of the air carrier and offers real prospects for early and substantial return on the Company's investment. This is just one of the several outstanding prospects which the Company is contemplating and which, through the utilization of the initial preferential capital investment of assets acquired therewith, will enable the Company to establish a broad investment base designed to offer, as noted above, short and long term returns which will inure primarily to the benefit of the preferential capital

investors. The Company proposes to offer on a very limited basis an aggregate initially of $3,000,000 in preferred shares. The capital realized from such offering is what is herein referred to as the 'preferential capital investment'. The preferential rights attributable to such shares are set forth in a resolution of the Company dated 31st August, 1972, a copy of which is annexed hereto. In outline, however, such preferential shares will have dividend entitlement of 6 per cent payable as and when declared by the Board of Directors at the end of each fiscal year to the extent earnings are available therefor plus an additional dividend of up to one-third of the residual earnings, i.e., the net earnings after all expenses and taxes and the payment of the initial 6 per cent dividend.

In addition, subscribers to the preferred shares will receive warrants entitling them to subscribe for a period of three years on a pro rata basis to an additional $3,000,000 in preferred shares of the same class and preference as the initial subscription and at the same price notwithstanding that the book value or earnings of the Company at the time of the exercise of such warrants might otherwise require a higher price.

Inasmuch as this limited offering is being made to a select group of sophisticated investors it is perhaps unnecessary to point out that notwithstanding the solid management experience and background which the Company offers at this early stage in its development any investment must be viewed as speculative. The Company is aware that .. investment of the type herein offered is not for the ordinary investor but for the investor who recognizes that risk deserves a high return.

Plaintiffs' Exhibit 12-296



VENCAP LIMITED
Nassau, Bahamas.

1659A

29 August 1972.

F.O.F. Proprietary Funds Ltd.,
4 Avenue Secheron,
Geneva, Switzerland.

Gentlemen:

This will confirm our agreement as follows:

1. We hereby agree to buy from you 500,000 shares of Chibex Mining Corporation Limited (the "Chibex Shares") at a purchase price of CAN$1.00 per share.

2. The Closing for such purchase shall occur upon such date designated in writing by you to us upon three (3) days written notice. At the closing we shall deliver to you a certified check, payable to your order, in an amount equal to CAN$500,000 against delivery by you to us of certificates representing the Chibex Shares endorsed in blank or accompanied by duly executed stock powers.

3. You represent and warrant to us that, as of the closing you will own the shares free and clear of any liens, claims or encumbrances of any kind created by you.

4. We shall take any and all necessary action, including the execution of an investment letter and any other documents required by the Quebec Securities Commission to permit the consummation of the transaction contemplated hereby.

If the foregoing is in accordance with our agreement please countersign this letter and return a copy to us.

Very truly yours,
VENCAP LIMITED

by _____

ACCEPTED & AGREED:
F.O.F. Proprietary Funds Ltd.

by _____

By _____

by _____

PLFs Ex 14

1:60A

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF NEW YORK

Plaintiffs' Exhibit 14

----------x

SECURITIES AND EXCHANGE COMMISSION, :

Plaintiff, :

-against- :

ROBERT L. VESCO, et al., :

Defendants. :

----------x

Deposition of RICHARD C. PISTELL, taken pursuant to notice and stipulations of adjournment, on May 6, 1974, at 10:50 o'clock a.m., at 26 Federal Plaza, New York, New York, before a Shorthand Reporter and Notary Public within and for the state of New York.

oOo

APPEARANCES:

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2 Wall Street,
New York, N. Y.
BY: BERNARD CEDARBAUM, ESQ.

* * *

oOo

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it's not worth the effort to circulate the stipulation and we will just observe the amenities. So in any event, from counsel here I assume that the --

MR. AUSPITZ: I have no objection to the same stipulations we entered into last time.

1432A

DIRECT EXAMINATION

BY MR. KUSHNER:

Q Now, Mr. Pistell, what is your home address?

A Lyford Cay, Nassau Bahamas.

Q And do you have any other addresses?

A Not any other addresses.

Q Do you ever come to the United States?

A I come to the United States quite often.

Q And is there some place you stay when you come to this country?

A I stay at my wife's apartment.

Q Is that in New York City?

A That's in New York City.

Q Okay. What is your office address?

A My office address is Lyford Cay, Nassau Bahamas.

Q Do you have any other office addresses?

A I use the firm of Havens, Wandless, Stitt & Tighe

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as an office while I am here.

Q That is when you come to this country?

A Yes.

MR. GLAVIN: 99 Park Avenue?

A 99 Park Avenue.

Q In Manhattan?

A Right.

Q Do you use any other offices in New York City when you come here?

A No. I mean I am in a lot of offices, you know, looking at deals but no I don't use any other office.

Q You have no other office that you use for your own working space when you are in New York City?

A None.

Q Is there an office set aside for you at the Havens, Wandless law offices?

A Yes, while I am here there is.

Q And is that -- I have never been to the Havens, Wandless suite, so is that -- can you describe the set up briefly?

A It's the old library they fixed up for me while I am here and it's an old conference room and they let me have one part of the room when they aren't using it.

MR. GLAVIN: The firm -- I will explain, the

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firm occupies the 20th floor. We are also the landlord with respect to the 19th floor and Mr. Pistell is the -- the space that he occupies is on the 19th floor.

MR. KUSHNER: I see.

BY MR. KUSHNER:

Q And is that -- that is what Mr. Pistell referred to as the old library space?

A I guess it was the library. I don't know what it was.

Q Mr. Pistell do you pay any rent on that space?

A I don't think I pay any rent on that space.

MR. GLAVIN: I think you do.

THE WITNESS: We do, well, I don't know to tell you the truth. It's probably cracked in somewhere but as far as I know, I don't know.

MR. GLAVIN: We are sure glad to get tenants on the 19th floor.

Q At any time since January 1973, have you served as an officer of any companies?

A Since 1973?

Q Yes, sir.

A Yes, sir, I have served as an officer of companies.

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Q Which companies?

A I have served as officers of Vencap, Chibex, Intervent, and Intercapital, and recently Sangin.

Q Could you spell that last name please?

A Mr. Taylor will bring those papers down to you with all the correct spellings and the corporate papers,etc.

Q You're not sure of the correct spelling?

A I think it's S-a-g-a-i-n, but he set it up.

Q Are there any other offices, excuse me, are there any other companies you have served as an officer of at any time since January 1973?

A I think -- I believe that I am a director of a mining company in Canada called Copperlode.

Q Can you spell that name?

A I am just a director. I don't believe I am an officer.

Q Copperweld?

A Copperlode.

Q Are there any other companies you have served as an officer at any time since January 1973?

A Not to my knowledge.

Q Are there any companies formed in Costa Rica which you served as an officer at any time since January 1973?

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A No, sir.

Q Are there any companies formed in Panama you have served as an officer at any time since January 1973?

A No, sir.

Q You have served as an officer of Conservative Capital Limited have you not?

A Yes, sir.

Q Mr. Lanzotti points out --

A Is that -- that's the -- that's a Bahamian --

Q No. This does not relate to my prior question.

A Oh, I will get you. Fine.

Q I asked that in fairness --

A Yes --

Q And it doesn't relate to whether you served as an officer --

A Right.

Q -- of any Costa Rican or Panamianian companies.

A Got you. All right.

MR. AUSPITZ: That's January '73?

A Yes, I am an officer.

Q Are there any companies formed in the Bahamas other than the ones you have served as an officer at any time since January 1973?

A No, sir.

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Q Now --

A Off the record.

MR. KUSHNER: Off the record.

(Discussion off the record.)

A I will have to check that out when Mr. Taylor arrives.

Q Now, are there any companies which you served as a director at any time since January 1973?

A All the companies that we have mentioned plus Copperlode in Canada.

Q The companies we have mentioned are Vencap, Chibex, Intervent, Intercapital, Sangin and Conservative Capital Limited?

A That's correct, sir.

Q Are there any other companies you have served as a director at any time since January 1973?

A No, sir.

Q Are there any partnerships which you have served in a managing capacity at any time since 1973 -- January 1973?

A Not beside the companies that have been mentioned.

Q Well, those aren't partnerships are they?

A No, those are corporations.

Q Any partnerships that come to mind?

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10

A No, not to mind. No, sir.

Q Have you been or do you propose to engage in the chartering of refrigerated vessels or any kinds of vessles?

A At some point we were looking at refrigerated vessles.

Q And at what point was that?

A I would say in the past three or four months.

Q And who is we?

A I would say my associates in the wine business.

Q Who are they

A Mr. Jeff Meyer who is the other 50 percent owner of Sangin who is the man associated with me in the Turkish wine business.

Q Any one else? That would be all?

A That would be all.

Q Skokdemir and Sangin. Were you looking into this under a corporate form?

A Basically I didn't look into it at all. It was a matter of time of bringing in wine either by case or by bulk, and the need of raw alcohol to be shipped to Turkey and bring wine back. They were looking at a -- in the refrigerated vessel but refrigerated tanks at one point. That has not been analyzed, to the point

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whether it will be by case or by tank at this point.

Q Will it be by vessel?

A It will -- here is Mr. Taylor -- the shipments will arrive by vessel but what form I can't tell you at this time.

(Mr. Taylor entered the hearing room.)

Q And did you have anything to do with exploring the chartering of the vessels?

A No, I didn't.

Q Do you now?

A No, sir.

Q Was it solely Mr. Skokdemir who did this?

A I believe it was, yes.

Q Have you ever been engaged or do you propose to engage in the bananna business in any form?

A No, sir.

Q Now, can you tell me the addresses, meaning all offices of these companies, Vencap?

A Yes, we can give you a list of those.

Q Oh, you don'thave them in your memory?

A Oh, yes.

Q Why don't you for the record --

A For the record it's Mr. Walter Blackman --

Q No, no, offices, etc.?

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A Oh, break down of each offices?

Q Any places where those companies have offices.

A He is talking about the officers of each company--each company -- he will have to supply me with a list of those.

Q Offices, office space.

A Oh, office space, I am sorry. We have office space at Nassau Bahamas.

Q This is --

A Lyford Cay.

Q This is Vencap?

A Yes.

Q Is that two offices or one office?

A No, that's the name of the place, Bob. Lyford Capital Cay. The offices are in my -- our office --

Q Does Vencap have any other offices?

A None.

Q Chibex?

A Chibex has an office at 55 Younge Street, Toronto Canada and it also has an office at the mine and on the property.

Q Which is where?

A That's in the province of Hibaig Quebec.

Q Have you listed off the offices of Chibex?

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A Offices.

Q You have given two offices.

A Then we have -- we use the office of Ogilvy, Cope, Porteous Corporated headquarters in Montreal. It is a Quebec corporation.

(Continued on next page.)

Q Are they lawyers?

A Yes, they are.

Q Do you want to spell that or don't you know how to?

MR. TAYLOR: O-g-i-l-v-y, C-o-p-e, P-o-r-t-e-o-u-s, Hansard, H-a-n-s-a-r-d, et al.

A Bob, we just opened an office for Sangin and that letter will arrive sometime today with the office address which is in Miami, Florida.

Q Have you completed the list of offices for Chibex?

A Yes, I have.

Q Now, where are the office -- where is the office or where are the offices for Intervent?

A Intervent is listed, I believe, at -- Midland, Texas; it it 303 Wall Towers West.

Q Any other offices for Intervent?

A No, sir, not to my knowledge. Well, Lyford Cay, but the main office is Midland, Texas.

Q Does it rent office space there?

A No, it doesdt rent office space there. I believe it uses an attorney's office there, Bob.

Q And what is the attorney's name?

A It is actually the same offices as the Flag-Redfern Oil Company.

Q And is that also that attorney's office?

A No, that is an oil and gas company's office.

MR. AUSPITZ: What city is it in again?

THE WITNESS: Midland, Texas.

Q Does Flag-Redfern pay rent on that space?

A On their own office space?

Q Yes.

A Oh, I am sure they do, yes. I believe they did. I don't know. They must.

Q Does that complete the offices for Intervent?

A Yes, besides the main office down in Nassau, Bahamas which would revert back to Lyford Cay, it would be the same office spaces as Vencap.

Q That is the office space in your home down there?

A That is correct.

Q Where are the offices of Intercapital?

A Intercapital's offices and headquarters are the Dutch Antilles.

Q Where in the -- is that the same as the Netherlands Antilles?

A That is correct, sir.

Q Where in the Netherlands Antilles?

A I will give you that address in one second here.

MR. TAYLOR: It's K-e-r-k-s-t-r-a-a-t, eight, hyphen, B, Curacao, Netherlands Antilles.

Q Is that an attorney's offices?

A Yes, it is.

Q Which attorney?

A Dr. Shellcom.

Q Does that complete the offices of Intercapital?

A Besides reverting back to Nassau, Bahamas to the same headquarter office, Bob, yes, it does.

Q Now, where are the offices of Conservative Capital, Ltd.?

A Conservative Capital, Ltd. would be the same office address, Lyford Cay, Nassau, Bahamas.

Q Any other offices?

A No, sir.

Q Where are the offices of Copper Load?

A Toronto, Canada.

Q Where?

A I believe that is just an attorney's office at this stage, Bob.

Q Who is the attorney?

A The attorney for Copper Load is Ron Campbell.

Q Is that in a firm or is he a single practitioner?

A That is a firm.

Q Ron --

MR. TAYLOR: Ron Campbell, Day, Wilson, Campbell.

Q Any other offices for Copperlode?

A Not that I know of.

Q At any time since January 1973 have you served as an employee for any company?

A No sir, not to my knowledge.

MR. TAYLOR: Wait.

Would you excuse me?

(The witness conferred with Mr. Taylor.)

A You said any other companies?

Q Any company.

A Oh, yes. Vencap, Conservative Capital.

Would you repeat the question for me, Bob?

MR. KUSHNER: Could you repeat it ?

(The relevant portion of the record was read back by the reporter.)

A Intervent. Intercapital, not really employee really, just Intervent.

Q Just Intervent?

A That is correct.

MR. TAYLOR: Intervent Capital.

A I mentioned that.

Q Intervent and Intercapital?

A Yes.

Q And that is all?

A And Conservative Capital.

Q That completes the list of companies which you served as an employee at any time since January --

A And Chibex.

Q -- since January 1973?

A And Chibex.

Q And Chibex?

A Yes.

Q Does that complete the list?

A I would say that completes the list.

Q At any time shce January1973 have you served as a consultant for any company?

A No sir.

Q At any time since January 1973, have you received compensation from any company?

A I received compensation from Vencap.

Q And that is all?

A That is all.

Q Is your compensation from Vencap pursuant to a written agreement?

A Yes it is, sir.

Q Have you got that agreement with you today?

A Yes, we do.

Q Now, at any time since January 1973, have youheld more than five percent of the outstanding class of stock of any company?

A Yes, I have.

Q And which company or companies?

A I han held more than five percent of the stock of Conservative Capital, of Vencap, of Intercapital, and -- this is personally, right?

Q Pardon?

A This is personally?

Q Well, I don't know what you mean by personally.

A I mean myself, do you follow me?

I mean like -- when you look into Vencap, it owns 50 percent of the stock of Saigon, you know.

Do you follow me, Bob, on that?

MR. TAYLOR: Off the record for a moment.

MR. KUSHNER: I think it would be better to include this sort of indirect ownership and simplify matters.

MR. TAYLOR: What he is asking, if

you want to take accounts of stock indirectly held or beneficially held, that is what he is concerned with.

MR. KUSHNER: Yes. Why don't you include both beneficial and indirect ownership?

THE WITNESS: Okay.

A In Sangin we own 50, or is it 51 percent?

MR. TAYLOR: 51.

A 51 percent of the stock.

Q You have mentioned Conservative Capital, Vencap, Intercapital, and Sangon.

A Right.

Q Are there any other companies?

A Chibex, indirectly through Conservative Capital.

Q What percentage is that?

A Oh, up to -- take the convertible debentures and everything and figure that out.

We have to do a little figuring here.

Between 20 and 30 percent indirectly, Conservative Capital's ownership in Chibex.

The reason I can not give you the exact figure, Chibex recently had a convertible debenture issue and a lot of those debentures are being converted

every day into equity which deletes our position down.

Q Are there any other companies of which you have owned since January 1973, at any time since then, five percent or more of the outstanding class of any stock?

A Not to my knowledge.

Q Now, have you pursuant to subpoena produced certain documents here today?

MR. TAYLOR: Off the record for a moment.

MR. KUSHNER: Off the record.

(Discussion off the record.)

A Yes, we have.

Q May I have them, please?

MR. TAYLOR: Yes.

MR. KUSHNER: Let me mark as Pistell Exhibit 1 for identification a copy of a subpoena addressed to Mr. Pistell and dated March 22nd, 1974.

(The above-referred to document was marked as Plaintiff Pistell Exhibit 1 for identificatbn.)

(Continued on the next page.)

Pistell

MR. KUSHNER: Please mark this as Plaintiff's Exhibits Pistell 2 through 19, for identification.

(Papers referred to marked Plaintiff's Exhibits 2 through 19, for identification.)

MR. KUSHNER: Mark this as Plaintiff's Exhibit 20 and 21, for identification.

(Papers referred to marked Plaintiff's Exhibits 20 and 21, for identification.)

BY MR. KUSHNER:

Q Mr. Pistell, are Exhibits 2 through 21, for identification, papers which you and your Counsel -- with the assistance of your Counsel have produced prior to today pursuant to subpoena served upon you?

A Yes, sir.

Q And is that subpoena Plaintiff's Pistell Exhibit 1, for identification?

A Yes, sir. Yes, it is, sir.

MR. KUSHNER: For the sake of convenience, I will refer to exhibits for now on by exhibit number so and so rather than Plaintiff's Pistell Exhibit number so and so.

THE WITNESS: Fine.

Q Have you produced further papers today?

Pistell

MR. TAYLOR: These relate to the oil and gas.

(Documents handed to Mr. Kushner.)

MR. KUSHNER: I take it your answer is yes.

THE WITNESS: Yes, it is.

MR. KUSHNER: Why don't we mark those as exhibits, for identification, also.

(Documents referred to marked Plaintiff's Exhibits 22 through 27, for identification.)

MR. KUSHNER: Please mark these for identification.

(Documents referred to marked Plaintiff's Exhibits 28 through 32, for identification.)

MR. KUSHNER: The next batch.

MR. TAYLOR: I have given you, now, I think everything.

MR. KUSHNER: Have you got the corporate minutes book of Vencap?

MR. TAYLOR: Yes, I have.

MR. KUSHNER: Let's mark that.

(Document referred to marked Plaintiff's

Pistell

Exhibit 33, for identification.)

MR. KUSHNER: Have you got the corporate stock ledger?

MR. TAYLOR: Off the record again.

MR. KUSHNER: Off the record.

(Discussion off the record.)

MR. KUSHNER: Mark that Plaintiff's Exhibit 34, for identification.)

(Ledger referred to marked Plaintiff's Exhibit 34, for identification.)

MR. KUSHNER: Have you got the accounting ledger and journals?

MR. TAYLOR: Yes.

(Documents referred to marked Plaintiff's Exhibit 35, for identification.)

MR. TAYLOR: This is the minutes book Intervent, Inc.?

MR. KUSHNER: Of Intervent.

MR. TAYLOR: Intervent, Inc.

MR. KUSHNER: Let's mark that as 36.

(Minutes book referred to marked Plaintiff's Exhibit 36, for identification.)

MR. KUSHNER: Have you got the stock ledger of Intervent?

Pistell

MR. TAYLOR: No, but I willproduce that.

MR. KUSHNER: Accounting and --

MR. TAYLOR: I am sorry, it is probably in there. Let me see it again.

MR. KUSHNER: Sure.

(Document handed to Mr. Taylor.)

MR. TAYLOR: It's in here.

MR. KUSHNER: Thank you.

Have you got the accounting ledgers and journals for Intervent?

MR. TAYLOR: No, but we can obtain them. Here is a balance sheet.

MR. KUSHNER: Mark that as Plaintiff's Exhibit Pistell 37, for identification.

(Balance sheet referred to marked Plaintiff's Exhibit 37, for identification.)

MR. KUSHNER: Have you got a copy of any C.D. or C.D.'s carried on the balance sheet.

MR. TAYLOR: Well, they are -- they are reflected in the documents that are already supplied there.

MR. KUSHNER: We will see copies in

Pistell

those documents.

MR. TAYLOR: You see copies of an agreement reflecting the deposit. If you want a copy of the actual advice, credit advice, I think we can obtain that.

MR. LANZOTTI: I would like to know to who it's made payable.

MR. KUSHNER: A copy of the actual credit advice.

MR. TAYLOR: All right.

MR. KUSHNER: We are talking about the time deposits of a million, 300 something.

MR. TAYLOR: Well, off the record.

MR. KUSHNER: Yes. Off the record.

(Discussion off the record.)

MR. KUSHNER: Is there anything else, Mr. Taylor?

MR. TAYLOR: Did you mark the balance sheet of Intervent?

MR. KUSHNER: I think we did; it's Exhibit 37.

During our lunch break you will go over all these with us and tell us which ones are originals and you need back.

THE WITNESS

THE WITNESS: If you want, we can order a sandwich in.

MR. TAYLOR: Off the record.

(Discussion off the record.)

BY MR. KUSHNER:

Q Mr. Pistell, you have produced today documents which have been marked Plaintiff's Exhibits Pistell 21 through 37 for identification?

A That is right, sir.

Q Now, are these all the documents within your possession or control which are called for by the subpoena of March 22, 1974, that has been marked Exhibit 1, for identification?

A That is correct, sir.

Q Okay.

With the sole exception of papers which were produced by you for the trial testimony which you gave in April of 1973?

A That is correct, except for one letter that I remember that no one else seems to know where it is that we are looking for that came to me in Nassau Bahamas, relating to the other three letters that you have there.

Q Are you able to recall the addressee and the addressor of this letter?

A It was to Vencap, care of Lyford Cay, Nassau, Bahamas.

I believe it was signed by Mr. La Blanc. I remember the contents of the letter saying that they had reached no agreement on their negotiations on settlement and were hereby returning the shares to our lawyers that had been on deposit, to Carson, Lawson.

Q And what letterhead was this letter?

A If I remember and this isn't -- this is strictly from memory, I believe it was on the -- I can't remember the letterhead, Bob.

Q And what was the date of the letter?

A I can't remember that specifically.

Q Are you positive you saw such a letter?

A I am positive.

Q Do you know when --

A I would think the bank may have a record of it.

Q Do you know when the shares were returned?

MR. TAYLOR: Off the record.

MR. KUSHNER: Off the record.

(Discussion off the record.)

MR. KUSHNER: If you think there is any documents that has been marked that will help you, please find it.

Pistell

A The date of the letter returning the shares was April 9th, 1972.

Q '73 or '74.

A '73. So I would think the other letter would have been in April of 1973 also.

Q You are referring to a document marked Exhibit 32, for identification?

A That is correct, sir.

Q When did you receive that?

A I received this, I guess, approximately it was mailed April the ninth, I guess I got it the tenth or 11th.

It went to Carson, Lawson direct. The letter that I received I would say would have been during the same period.

Q You received a copy of it?

A I received a copy of this --

Q Of Exhibit 32, for identification?

A No, I didn't receive a copy of this. I am talking about the letter that is missing, do you follow me?

Q Mr. Pistell, let's go back to this letter which has been marked as Exhibit 32, for identification?

A Right.

Q And let me ask you againwhen you received

that letter?

A I didn't receive this letter. I received -- it says a true copy of the original taken from the files of Carson, Lawson.

Q You are reading the notation on the bottom?

A That is correct.

Q Do you know whose handwriting that notation is?

A John Carson.

Q And when did you receive this document?

A In April of 1973.

Q Let me ask again, how did this document, which has been marked Exhibit 32, for identification, come into your custody?

A It was sent to the attorneys and brought up here.

Q Who brought it up here?

A I haven't the slightest idea.

MR. TAYLOR: It was sent up here.

Q Have you seen that letter prior to today?

A I seen a copy of it in Carson, Lawson's office.

Q When did you see it in Carson, Lawson's office?

A In 1973.

Q Have you determined where the shares certificates of Vencap are?

MR. TAYLOR: Off the record.

MR. KUSHNER: Off the record.

(Discussion off the record.)

A Yes, they are all held by the firm in escrow of Carson, Lawson.

Q Have you examined them there?

A Have I personally examined them there?

Q Yes.

A Yes, I have.

Q And when?

A In 1973 at some point.

Q Is that the most recent time?

A Yes, it is.

Q And for what reason are they held by Carson, Lawson?

A They are our attorneys in Nassau, Bahamas.

Q By our, to whom are you referring?

A Mr. Blackman and myself.

Q Who are the shareholders in Vencap?

A Walter Blackman, Richard C. Pistell and, I believe, for signing purposes -- well, Walter Blackman and Dick Pistell.

Q Is that all?

A That is all.

Q I am not referring to any shares owned by or purportedly owned by I.I.T and International Investment

Trust.

A Right. There are qualifying shares held by the law firm.

Q Carson, Lawson Company?

A Yes.

Q How many shares do they hold?

A I will give you the exact breakdown, Bob.

One, two -- wait a minute. Five shares in total.

Q How many do you hold?

A I hold exactly one thousand 999, five, -- excuse me, yes, that is right 1,995.

Q And how many does Mr. Blackman hold?

A Two thousand shares.

Q What is Mr. Blackman's address?

A His address is Freeport, Grand Bahamas. I will give you his exact address in a second. I will have to supply the exact address.

Q Does he live in the Bahamas?

A Yes, his home -- he is a Bahamian.

Q Is he a Bahamian citizen?

A I believe he is.

Q Do you know if he holds citizenship in any other country?

A I believe he may have a dual English passport. I don't know at this time.

Q What is his business?

A His business is a graduate of London School of Economics. He is a business consultant, and he is an expert in insurance, I believe he also represents Lloyds of London in the Bahamas.

Q As an insurance agent?

A As an insurance agent and he has his own insurance agencies.

Q Are there any other shareholders of Vencap, other than you, Mr. Blackman and I am not including I.I.T.

A No, sir, there are not.

Q Now, do you know how much Mr. Blackman paid for his shares?

A Yes, I believe that is in the previous testimony.

Q Trial testimony?

A Yes. We supplied all those figures, yes.

Q Does Mr. Blackman receive any compensation from Vencap or has he?

A He receives an approximate salary of twenty thousand dollars a year.

Q For performing what services?

A Mr. Blackman is constantly on the look for

opportunities for us. He has brought several opportunities to us, and as we originally testified, Bob, we are still looking at several insurance opportunities in the Bahamas.

Q What opportunities has he brought to you?

A Numerous opportunities which -- we are looking at a very -- at the moment a -- the growing of various crustaceans in the Caribbean through genetics, which looks like it could be a very substantial opportunity for us.

Q Has Vencap acted on any of the opportunities Mr. Blackman brought to you?

A At the present time, no. But he has also been of help in many ways going to look at various opportunities for us through the Caribbean area.

Q Such as?

A Such as resort cites, real estate opportunities, insurance opportunities, et cetera.

Q Does Vencap have any plan to act on any of those opportunities?

A At the moment, no.

Q Are there any options or rights outstanding on Vencap's stock?

A None whatsoever.

Q Are any of those shares owned by you or Mr. Blackman out as collateral?

Pistell

A None whatsoever. I don't know about Blackman, none of mine are.

Q So as far as you know --

A Right.

Q Does Carson, Lawson hold Mr. Blackman's shares also?

A I guess they do.

Q Now, among the papers you have produced today have you produced any authorized signatory resolutions on bank accounts, I am talking of Vencap bank accounts, Intervent bank accounts, Intercapital bank accounts, Sangin bank accounts.

MR. TAYLOR: Off the record.

MR. KUSHNER: Yes. Off the record.

(Discussion off the record.)

Q During the recess a quick review of the papers produced apear to indicate that the following were not produced, and I would ask you, Mr. Pistell, to verify what I am saying and if it is so to endeavor to give us those papers tonight so that tomorrowwe can be prepared here and shorten the examination.

A Bob, he just called and Jerry Tiger is out of town until Thursday.

MR. TAYLOR: Until tomorrow.

Pistell

A Until tomorrow.

MR. TAYLOR: He is travelling of Syracuse and back then, so we can either reach him tonight or tomorrow morning.

Q Jerry who?

A Tiger, is the accountant.

MR. KUSHNER: Spell that.

MR. TAYLOR: T-i-g-e-r.

A We will get all those checks for you -- you want the actual cancelled checks and endorsements on the back and we will get them for you.

MR. KUSHNER: Let me go down the list of documents that appear to be missing and which we need.

The accounting ledgers and journals for Intervent.

The deposit credit invoices for Vencap or Intervent.

Any missing authorized signatory resolutions for Vencap, Intervent, Intercapital and Sangin.

Bank statements, cancelled checks, debit memos and vouchers for Vencap, Intervent, Intercapital and Sangin.

Pistell

Now, if it is true that those can't be produced by tomorrow, then unfortunately, we will just have to choose another date and go on with the examination at some reasonable time in the future.

THE WITNESS: Bob, you have got the ledgers and what we will do is give you the back-up to them.

Then if you have any questions in the future, fine, you know. We will get all those for you.

Some of those could even be in Nassau.

MR. KUSHNER: I am not questioning where they are.

THE WITNESS: Yes.

MR. KUSHNER: I know that we need them.

THE WITNESS: Sure.

MR. KUSHNER: I know that there will be questions when we see them, so there is no need even speculating whether there will be questions.

THE WITNESS: Sure. But I am just trying to say we will get them for you.

Q Mr. Pistell, are you able to recall the

Q One moment. March 1 throught the what?

A 7th, New York.

Q New York?

A Yes.

March 8th through 16th, Canada.

Q Okay.

A March 18th through the 20th, London.

March 21st through the 22nd, New York.

Q How about after March 22nd?

A I did not bring that, but I can get it for you.

Q Would you please?

A ~~Yes. Sure.~~ 1696A

* * *

Q Now, if you will -- are you able to identify Plaintiff's Exhibit Pistell 4 for identification?

A Yes, I do. That is the balance sheet of Vencap as of April 30th, 1974.

Q Who prepared that?

A Our accounting firm, Field, Tiger, Krell, and Werber, F-i-e-l-d, T-i-g-e-r, K-r-e-l-l, W-e-b-e-r.

MR. KUSHNER: Why don't we mark that as Exhibit 4A for identification.

It is the same balance sheet, I take it, but on a letterhead of the accountants.

MR. GLAVIN: Correct.

(Document above-referred to was marked as Plaintiff's Pistell Exhibit 4A for identification.)

BY MR. KUSHNER:

Q Mr. Pistell, are these the regular accountants for Vencap?

A Yes.

Q The accountants who prepared this Exhibit 4, for identification?

A Yes they are.

Q Do you know what records they used in preparing this balance sheet?

A They keep copies of all transactions, copies of all of deposits.

They get as a matter of fact -- they copy the original checks, etcetera.

They get all records pertaining to all disbursements, etcetera.

Q Where are their offices?

A On Long Island.

Q Where in Long Island?

A It is not on there. Where are they on Long Island -- Great Neck, Great Neck, Long Island.

Q Has anyone prepared a certified audit of Vencap's financial statements?

A Well, their CPA -- their Registered CPA is --

MR. TAYLOR: His question is it certified.

A No, this is unaudited.

Q I know this is unaudited.

My question is has there ever been an independent certified audit --

A No.

Q -- of Vencaps financial statements?

A No.

Q How long has Vencap been in existence?

THE WITNESS: The date of the formation of Vencap was what, Dave?

MR. TAYLOR: May or June of 1972.

A I think it was May. May of 1972 is my recollection.

Q Now --

A -- the 30th of June, 1972.

Q Who supplies the various various materials that you mentioned to this accounting firm, Field, Tiger, Krell, Weber?

A We supply them. I supply them.

Q Physically do you bring them up from Nassau?

A Physically we have copies of everything done sent to the office, attention of Mr. Taylor, and he forwards them to Mr. Field.

And Mr. Field, I believe, comes in the office from time to time and goes over the books there too.

Q What office is that?

A Mr. Taylor's office.

Q Who maintains the accounting ledgers and journals of Vencap?

A The firm of Field, Tiger, Krell, and Werber.

Q Now, have you ever sought a certified audit of Vencap's affairs?

THE WITNESS: Dave?

MR. TAYLOR: No.

A No, we have not.

Q Who are the present officers of Vencap?

A Mr. Pistell, Mr. Blackman, Mr. Taylor.

MR. TAYLOR: No, I am not an officer.

THE WITNESS: No?

MR. TAYLOR: No. Mr. Larson.

THE WITNESS: Larson.

MR. TAYLOR: And -- that is it.

Q That is it. Just Mr. Larson.

Q And what compensation do you receive?

A I receive $60,000 a year.

Q Is that pursuant to a written agreement?

A Yes, it is.

Q Is that one of the documents that was produced here today?

A That is correct.

Q And what office do you occupy?

A I am President of the corporation.

Q And what office does Mr. Blackman fill?

A And I am Treasurer, too.

He is Vice-President.

MR. TAYLOR: Executive Vice-President.

A Executive Vice-President.

Q You said that he gets $20,000 a year?

A That is correct.

Q What office does Mr. Larson fill?

A Secretary is it?

MR. TAYLOR: No, Vice-President.

A Vice-President.

Q Does he receive any compensation?

A None whatsoever except regular legal fees that any law -- you know, when he does a transaction.

Q Who are the other officers of Vencap?

A That is all that I know of.

Q Is there a Secretary?

A There is a Secretary.

Q Who is that?

THE WITNESS: What is her name?

MR. TAYLOR: Let me check.

A I will have to give the name to you.

MR. TAYLOR: Off the record.

MR. KUSHNER: Off the record.

(Discussion off the record.)

A The man that was handling that for us did not get his work permit renewed and has left the Bahamas.

An occupational hazard.

Q Did you say off the record that the office of Secretary is unoccupied at the present time?

A We are checking that at the moment. The man that was Secretary has left the firm of Carson, Lawson.

Q Is there an Assistant Secretary?

A We will tell you in one second.

Mr. Raymond Lawson is Assistant Secretary and Mr. David G. Taylor is an Assistant Secretary.

Q But there is no Secretary?

A At the minute there is no secretary.

Q Do Mr. Larson or Mr. Taylor receive compensation as officers of Vencap?

A No sir, they do not.

Q Who are the directors of Vencap?

A Richard C. Pistell, Walter Blackman, Mr. Ernest Raymond Lawson; that is it.

Q Are you also an officer of Chibex?

A Yes, I am.

Q What office do you have there?

A Chairman of the Board and Chief Executive Officer.

Q And do you receive compensation from Chibex?

A No sir, I do not.

Q Do you receive compensation from Conservative Capital, Limited?

A No sir, I do not.

Q Do you receive compensation from any other company?

A No sir, I do not.

Q Is it correct that the records of Vencap are in part located at the Havens, Wandless law firm?

A I would say copies of all the records are kept there.

MR. TAYLOR: Off the record.

(Discussion off the record.)

MR. KUSHNER: Mr. Taylor, I think it would be helpful if when you have comments, make them on the record, feel free to make them and if at any time anyone takes offense at your comments, I am sure that they will so state.

But let's try and keep a clean record.

Now, on the record, is there some statement you want to correct?

THE WITNESS: Well, I would like to just clarify the question, the corporate records are kept at Carson, Lawson.

The accounting records are all kept at the accounting firm and I believe copies of many of the records are kept at Havens, Wandless, Stitt, and Tighe.

Q Copies of many of what records?

A I would say the transactional records. When we buy a CD in a bank. When we have a stock purchase or sale, we get duplicate copies.

Q Now, are you able to approximate how much of your working days since January 1, 1974, have been devoted to the business of Vencap?

A I might be able to do that, so I can kind of tell you about that, Bob.

Every working day I work I am looking at things for Vencap.

Whether it be in Canada where Chilex is -- for instance the people we sold our oil properties to, I met in Canada.

We are looking for deals for Vencap in Canada.

We are looking for deals for Vencap on airplanes if we meet people.

We are looking for deals all the time for Vencap.

* * *

Now, the dates that you used for in 1974 -- for instance in New York City, the 7th through the 17th, I met a group of lawyers from Mexico on a deal relating to Vencap that were here for two or three days.

MR. TAYLOR: This is '73.

THE WITNESS: This is '73 here.

David, it says January.

MR. TAYLOR: But that is '73.

We are talking about '74.

THE WITNESS: All right.

What date did you ask from Bob?

MR. KUSHNER: Since January 1, 1974.

THE WITNESS: I was right to start with.

MR. TAYLOR: That is '72.

THE WITNESS: That is '74, Dave.

MR. KUSHNER: Let's simplify matters for a minute, Mr. Pistell, you are referring to notes --

THE WITNESS: Right.

MR. KUSHNER: -- in giving your answers --

THE WITNESS: That is correct. These are notes, Bob, that I have hand filed in of people that I have met during varbus dates pertaining to various deals.

I do not keep a diary.

Do you follow me?

BY MR. KUSHNER:

Q But they are your handwriting?

A This is my handwriting here.

Q Now, what years do these notes refer to?

A I am now starting in January, 1974.

Q What other years do your notes cover?

A My notes cover from the time of your -- you

AFTERNOON SESSION

BY MR. KUSHNER:

Q Mr. Pistell, before lunch we marked for identification handwritten notes of yours relating to your travels during 1973 and 1974.

A Right.

Q That is Plaintiff's Exhibit Pistell 38, for identification; is that correct?

A That is correct, sir. Those were done from my memory, the best I could figure out.

Q Could you please refer to your notes for January, 1974, onward and it stops at February 28th?

A Right.

Q And as best as you recall, that is if you need the notes?

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A Right.

* * *

Q Tell me what Vencap business you were engaged in, where and when and when you -- strike the when you, please.

A January seventh of 17th, New York City. I met the lawyers from Mexico, and Anthony Corara, during that time in New York City, on several situations relating to Vencap, one being a mining property that Vencap has an

interest in, called Tangamanga.

The other situation was the change in Mexican law as of January first as to proprietary ownership of natural resources.

This investment had been made during the prior year.

At that time there was a new legislation that went through in Mexico that 51 percent of the ownership of all natural recources had to be Mexicanized or in Mexican hands or the actual stock, do you follow me of the equity of the companies.

We were also during that period negotiating on behalf of a major mining company to help them Mexicanize their company in Mexico throgh a form of getting them Mexicanization.

And also maybe helping finance the situation to where Vencap or Intercapital could have made a loan and gotten a royalty situation out of it.

Also, during that time we went to Arden Groer who is a vice-president of Flag-Redfern Oil Company who we had been negotiating with oil leases, properties, which Vancap has a carried interest in a certain amount of stock.

Mr. David Bintliff who is an independent oil

man in Houston whose properties we subsequently purchased -- prior we -- had an agreement prior to this to purchase.

Q Is we Vencap? We are talking about Vencap.

A We are talking about Vencap.

Q When you say we, is it understood that you are referring to Vencap?

A Actually it was Intervent bought the properties, if you follow me, but the sourcewas Vencap on that, an associated company.

We, I would say, met from the seventh to the 17th probably four or five days various situations for Vencap, Intervent or Intercapital was subsequently all associated companies.

On the 18th, to the 20th I was at the gold seminar in New Orleans.

Q Have you completed the New York period now?

A That is right. I am now in New Orleans.

Q Let's stop for a minute.

A Right.

Q This major mining company you referred to, what is that?

A I would rather not say if I cannot say. We have correspondence in the files to it. It is a company

that has subsequently been Mexicanized properly. We made a proposal to them which was turned down because they got a better deal, to be honest with you.

Q A proposal to do what?

A To finance the Mexicans that were buying out the 35 percent interest where we would have gotten a carried interest in the property either on a royalty or smelter return on the deal.

Q Did any of these situations during this January visit of yours to New York come to fruition?

A Yes, subsequently we bought the oil properties and we have sold the oil properties.

Q Who is we and whom did you buy them from?

A All right. Number one, we bought the oil properties from Mr. David Bintliff and sbusequent -- when I say we, that was Intervent financed by Intercapital, and we have sold the properties for cash since that time.

Q Do you recall when they were purchased and when they were sold?

A We purchased the -- actually the agreements, I believe, were in August at some period.

MR. TAYLOR: November.

THE WITNESS: November, period August through November.

A August through November, negotiating on the --

Q Of what year?

A Of 1973, in September, I believe we concluded an agreement to buy these reserves.

Q From Bintloff?

A From David Bintloff, that is correct.

Q Go ahead.

A Through Flat-Redfern Corporation. They bought the other half of it. They actually bought more than half -- we bought 42 percent of the proven reserves on it.

Subsequently we have sold those properties to a Canadian company called Newmark, for cash.

Q When were they sold?

A They were sold as of -- we purchased in November, December, January -- when was the final agreement signed, David?

MR. TAYLOR: The closing was in March.

A (Continuing) The closing was in March, 1974.

Q And in January of 1974 you met with whom in New York with regard to these properties?

A I would say at that time we were meeting with Arden Grover and David Bintloff -- yes, that was New York, yes.

Q You had already purchased the properties from

Bintloff, hadn't you?

A No. Excuse me.

MR. TAYLOR: You purchased in '73?

THE WITNESS: In '73 we had purchased it. In '74 we had sold it. This is January of '74.

Q Did you sell to Bintloff?

A No, no, we purchased from Mr. Bintloff.

Q You had previously purchased --

A But it didn't close, Bob, until about November, let's say.

Q What was the purpose of your meetings with Mr. Bintloff in January, 1974?

A Well, Mr. Bintloff is one of the most outstanding men in America, in the natural resources business, probably one of the largest operators in America, in oil and gas and in natural resources all over the world and whenever I can get an opportunity to meet him and talk about a deal we talk about a deal.

Q My question is what deal did you talk about in January, 1974, in New York, with Mr. Bintloff?

A Specifically -- I would say at that time we were talking about other proven reserves and if there were any available at that time.

Q That he owned?

Pistell

A That owned or knew of.

Q And did he?

A No, at that time as you know, the oil and gas crisis had arrived and there were no reserves available.

We had gotten into a very tight situation by that time.

Q How much time did you spend with Mr. Bintloff in New York in January, 1974?

A I would say probably, Bob, only half an evening or day, you know, Arden Grover maybe two or three days at that time.

Q Discussing what?

A We were at that time discussing basically oil drilling, offset wells, tax shelter for various operations, plus how the company was going, Flag-Redfern, which as you know Vencap has an interest in.

Q What interest does Vencap have in Flag-Redfern?

A They have approximately as the previous testimony, as you know, I borrowed certain monies against certain collaterals.

They approximately have ten percent interest, carried interest for the loan that I have. I think it

approximates out to eleven dollars and 79 cents a share on four thousand some odd shares out of my stock, plus I pay them interest on the loan, but they do have a carried interest.

Q Is this carried interest the option to purchase?

A That is right.

Q Part of your shares?

A That, which is becoming a very valuable operation as time goes on.

Q Has Vancap exercised that option?

A Have they?

Q Yes.

A No, they have not as yet.

Q Now, what is the ownership of Intercapital N.V.?

A Intercapital N.V. -- I can tell you what it is. It's Intercapital N.V. is Mr. Walter Blackmanand Mr. Richard C. Pistell.

Q Who owns what?

A I would say we each own fifty percent of that.

THE WITNESS: Is that correct, David?

MR. TAYLOR: Yes.

A That is correct.

Q Are you also an officer and director of

Intercapital N.V.?

A Yes.

Q And Mr. Blackman is an officer and director?

A I believe he is ill.

MR. TAYLOR: No, that is not correct.

THE WITNESS: How is that set up.

MR. TAYLOR: You are a -- there is a managing director, Dr. Schulcamp?

THE WITNESS: Dr. Schulcamp is the managing editor.

Q Are there any other directors?

A No.

Q That is you and Dr. Schulcamp?

A That is correct.

Q Now, you referred also to Newmark Company?

A Newmark, that is correct. That is a Vancouver, Canadian based oil and gas company.

Q Who owns that?

A The public.

Q Where is that traded?

A On the Vancouver stock exchange.

Q Do youknow whether there are any major shareholders in that company?

A I wouldn't know who the major -- I know the

A Well, I can't really recall that well, Bob.

* * *

Q Now, what was the purpose that Intercapital was set up for?

A Intercapital was set up for the sold -- for the purpose of lending money to various entities in Canada and the U.S., as a lending capacity, not an equity participator.

That was done for the purpose of taxes and for the purpose of a tax treaty that exists between Curacao and the U.S.

Q To whom has Intercapital loaned money to the present?

A To the present, as of April 30th the only deal, I believe we have done is the oil and gas deal.

Q This is Intercapital?

A Intercapital, right.

Q It loaned money to someone in the oil and gas deal?

A No, it loaned the money to Intervent to purchase the oil and gas properties.

Q How much money did it loan?

A It was a two hundred thousand dollar equity basically went into Intercapital -- Intervent and a 700 thousand dollar loan -- is that correct, David?

Pistell

MR. TAYLOR: Yes.

A Was given through the Curacao corporation.

Q Which is Intercapital?

A That is correct, sir.

Q Who gave the loan?

A The loan was given by -- Intercapital loans the money to Intervent.

Q Who loaned the money to Intercapital?

A The Intercapital money was borrowed from Handelskredit Bank.

Q And the security --

A Was a C.D. purchased by Vencap.

Q In what amount?

A 715 thousand.

Q Now, what was the purpose that Intervent was formed for?

A Intervent was a U.S. corporation. It was formed for the purchase -- for the purpose of purchasing the oil and gas properties.

Q And do you know how much money it expended to purchase the oil and gas properties?

A I believe it was approximately 890,000 dollars.

Q And it got this money from whom?

A It got the money from Inter -- Intervent got the money from Intercapital that borrowed the money from Handels Bank, that Vencap bought what C.D., what we call a back tobback.

Q Incidentally, has any accountant ever prepared an income and loss statement on either Vencap or Intervent or Intercapital?

A I think we have a statement here, don't we?

MR. TAYLOR: Not prepared by an accountant.

A Not prepared by the accountant but we have a statement.

MR. TAYLOR: It underlies your --

A It underlies your balance sheet. You have a net, net figure you see on your balance sheet, Bob.

Q You are referring to Exhibit 4 and Exhibit 4A, for identification?

A I believe I am, yes.

Q And you are referring to the -- what line?

A Well, number one -- let me get my little notes out here, if I may.

Q Just what line?

A You want to, the underlying --

Q I just want to know what line I should look at in Exhibit 4 and 4A.

A For what purpose?

Q You told me that I could get a net net figure from that?

A The net net figure of the C.D.'s, right, time deposits.

MR. TAYLOR: He is asking about profit and loss.

A Cumulative profit and loss is 324,828 dollars. That is an accounting loss.

Q That is a retained earnings deficit as carried on this --

A Right.

Q Exhibit 4 and 4A?

A That is correct.

Q What is all I wanted to know.

A No, no, let me clarify that a little bit more.

Q Go ahead.

MR. TAYLOR: Just answer the question.

THE WITNESS: All right. Fine.

MR. KUSHNER: Shall I go on?

THE WITNESS: Yes, please.

MR. KUSHNER: All right.

Q Mr. Pistell, returning to your New York trip?

A Yes.

Q January 21st to 24th, 1974?

an answer.

A You know, it is a company called Bulora.

It has a gold property in Canada and she retahs and ha s purchased a substantial block of stock in it.

Q It is a Canadian company?

A Yes, right.

Q Which owns mining lands in Costa Rica?

A That is correct. They are opening up a very substantial gold mine with probably one of the leading geologists in the world, Thayer, Lindsay's ex-partner, who lives on Grand Cyman Bland.

It should be in production thi s year, and I went over and looked at the property and I could not go in the mine, however, because they had a very serious physical problem at the moment.

Q As a result of this visit, did your wife buy stock in that company?

A No, no. She had already bought some stock in the company.

* * *

1719A

Q How did this relate to Ver ap?

A I was also asked to look at two other mining properties in Costa Rica.

I met the gentleman who owned the leases

on the property.

I do not know if they will check out or will not check out at this moment.

Q The properties?

A Yes, the mining properties.

Q Who asked you to look at them?

A I got a call basically from Marty Figueras, Junior, from Costa Rica three months prior to that saying that they wanted to get or retain a top notch mining engineer to take a look at these properties.

Q What was your part in all this?

A Well, my part in all of it was if it was a good property, if there was a n opportunity to make a good investment, I would like to make a good investment.

Q Have you seen -- strike that please.

Who was checking out these properties in your behalf?

A Mr. Clyde Norman who is one of the leading geologists in the world.

His home is in Grand Cayman and who was the right hand man of Thayer, Lindsay for many years.

Q And who is paying Mr. Norman?

A He pays himself and -- I mean he is a wealthy individual and a leading geologist and we are not paying Mr. Clyde Norman.

Q What exactly is he checking up on in the case of these properties?

A One is a gold, copper property and the other I would say is a copper puffery property.

If you want there is a full report on the company.

(The witness handed a document to Mr. Kushner.)

MR. AUSPITZ: So the record is clear, I am assuming all my objections except as to form are reserved.

MR. KUSHNER: Sure. That is what the rule says. It is on the record.

Rule 30 of the Rules of Civil Procedure.

MR. AUSPITZ: We have lost track of the rules of procedure before in this case before.

MR. KUSHNER: Oh? I never have.

Q Were you looking at these properties for Vencap as a potential investment or for other parties --

A For other due prospects, if they were good properties I would have looked at them on behalf of Vencap and if they presented themselves to be opportunities it would be Vencap opportunities.

Q These are the two properties that Mr. Norman

is exploring?

A He is looking at them now, that is correct.

To be very honest with you he has had a very dificult timewith the men that I met and they are over in the mountains half the time and he hasn't gotten very far so far.

Q While we are on this subject, have you during 1974 flown to Costa Rica with Mr. Vesco?

A I have never flown to Costa Rica with Mr. Vesco in 1974, no.

Q You are quite certain of that?

A Positive. I have flown from Costa Rica to Nassau with Mr. Vesco, but never from Nassau to Costa Rica.

Q Who was on the flight back from Costa Rica?

A On the flight back from Costa Rica there was a writer from a magazineMarty Figueras, Junior, myself and -- that is all, I believe, Bob.

Q Does that complete your Costa Rica visit of January 28th and 29th, 1974?

A Yes, it does.

Q What is the next period?

A The next period was February the 1st through the 3rd in Nassau.

Q What business did you engage in there?

A I had a group of house guests, engineers and financeers.

Q For what purpose?

A We were talking over various financings, deals, mining opportunities, natural resources, etcetera.

Q For whom?

A I would say for Vencap.

Q Not for Chibex?

A Not for Chibex.

Q And where did these guessts come from?

A All came from Canada.

Q And these with opportunities in Canada?

A They were opportunities not only in Canada, but maybe -- you know, all over the world, but basically I would say, Bob, Canada.

Q Has Vencap taken any of these opportunities?

A Not at the present, no.

Q Does it plan to?

A I can not say that day. The ones that -- we are also checking them out.

You never can tell until you get to the end of the line.

Q Does that complete that period?

A That would complete that period, I believe.

Q The next one is --

THE WITNESS: Off the record.

MR. KUSHNER: Off the record.

(Discussion off the record.)

A There was another person on the airplane that was a house guest of mine that had nothing to do with any business or any transactions during the visit.

Q Now, what is the next period?

A the 4th and 5th in New York City. We had meetings with Mr. Grover I see, Mr. Hatchett from Huston, Texas, Mr. Anthony Crara from Mexico City.

Q Were all these meetings Vencap business?

A Those were all Vencap business.

Q What business?

A Mr. Hatchett has brought us -- as a matter of fact was the one who originally brought us the Bintliff properties that Fleig-Redfirn and Intervent purchased.

Crara was and is one of the leading lawyers of Mexico, was helping us on our Mexican situations at the time and mechanization and our own property.

Q Our refers to what?

A Ours -- let me get back to our famous we, if I may. Vencap, Intervent, and Intercapital.

Q Anyone else present on your side at these meetings?

A May I say something, Bob, so you know?

Whenever I have meetings in New York, either Mr. Glavin or Mr. Taylor are usually always present, because we're really always talking about a deal with either tax consequences, registration, private placement, syndication, et cetera.

Q Were these meetings on the eighteenth floor of 99 Park Avenue?

A Nineteenth floor.

Q Nineteenth floor.

A I would say half of them would be -- if no one was using the conference below, we would use it. Half would be above, half would be below; whatever room was free. Some may be phone calls here. As far as -- I don't which were visits and which were calls.

Q What's the next meeting?

A The next meeting -- I don't know what happened to the sixth and seventh. Maybe it was a weekend.

The eighth and ninth, Hoadley Dean from South Dakota, where we were looking at a situation in the recreation field for -- on behalf of Vencap. Mr. Glavin met the principals, I believe, later on, and also Mr.

Q You are going to bring it up to date?

A Sure.

Q There are a few questions relating to what you just testified about.

A Sure. 17264

* * *

Q Did you testify that Intercapital invested $200,000 equity in Intervent?

A That is correct.

Q Where did --

A Wait.

MR. TAYLOR: Correction. Vencap.

A Vencap put $200,000 equity into Intervent. Intercapital loaned the balance of the purchase price.

Q To Intervent?

A Correct.

Q All right.

* * *

Now, when you flew with LeBlanc to Costa Rica in February 1974, do you recall what kind of plane it was?

A It was a Lear jet.

Q That was in January 1974, I take it?

A Right.

Q A Lear jet.

A I can remember, because I don't like them.

Q Do you know who owned it?

A I do not know who owned it.

Q Mr. Pistell, do you remember whether on March 21 and 22, 1974, when you came to New York, you engaged in any Vencap business in New York?

A I haven't the slightest idea. I will take a look at my calendar.

Bob, so -- I want you to know we're looking at deals every day, every day, and opportunities, you know.

Q Mr. Pistell, a few quick questions --

A Right.

Q -- to the prior periods in your notes, which have been marked as Exhibit 38 for identification.

A Right.

Q In the month of October '73 there is a notation "2-21"; it's October 2 to October 21, 1973, New York City, H. Dean.

Who is H. Dean?

A Hoadley Dean is former senator, Hoadley Dean of South Dakota.

* * * 1727A

Q J. Allen, who is that?

A J. Allen was a promoter that we had met that was working on some financing for a company called Crystal Oil and Gas down in Texas. And we haven't seen him since. Basically -- I don't know where he is.

Q What's his first name?

A I believe it's Jerrold.

Q Are you positive that it's not John?

MR. LANZOTTI: Jerome.

A I haven't the slightest idea.

Q Did he engage in any transactions with Vencap?

A No.

He did introduce us to some people, and he did introduce us to the people with Crystal Oil Corporation.

Q And did he get paid for those services?

A He did try and -- he did introduce me to some people in London.

Q Did he get paid for those services?

A He got a retainer, which we have a note that he owes us the money.

Q He got a retainer from whom?

A He got a retainer from -- Was it -- Who did he get the retainer from?

MR. TAYLOR: I think it was from Vencap.

A Right, Vencap.

Q What amount?

A I think it's $10,000, of which we hold his personal note.

Q It wasn't a retainer; or was it a retainer?

A It was a loan, basically. We have his signed note for that loan.

Q Note due when?

THE WITNESS: When is the note due?

MR. TAYLOR: I have to check. I don't recall.

A We will have to check that.

Q What percent interest?

A I don't know, Bob. We'll have to check it out.

Q Whom did he introduce you to?

A Basically I was going to try and help him out on the Crystal Oil & Gas financing. We financed him to a trip to London where we met the head of the natural resources department of Rothschild.

We met the head of the natural resource department of -- I will have to look up the name of the other -- about four or five firms, top merchant banking firm in London.

Q This was through Mr. Allen's introductions?

A That is correct.

Q Did Vencap retain him in any capacity?

A We basically made him a loan, because he was completely out of money at the time.

Q Is that the only payment to him?

A That's the only payment to him. And we hold

his note.

To be very honest about it, we have been trying to find him for the last month or two.

Q What's his line of work?

A When I first knew him years ago, he was a securities analyst and a writer for a market letter in Wall Street.

I haven't seen him for 15 years; and I got off an airplane, and there he was, you know.

Q Where?

A In Montreal.

Q When?

A Oh, I forget when, Bob, but he was working at that time on the financing of a company called Crystal Oil, which checked out to be a pretty interesting company.

Q Did Vencap invest in it?

A No, it did not.

Q Did anyone you know of?

A No, I do not. But they were looking for senior financing for refinery -- for a refinery at that time.

Q Now, also on this same visit, October 2 to 21, in New York City, there is a notation: Hickock.

A Right.

Q Hatchett.

Those are also phone calls, you see, Bob, not just visits. That's why I was just confused.

Q Would December 1 to 5 -- Exhibit 38 for identification -- New York -- December 1 to 15, 1973, New York City, there is a notation: Rosemberg, Brussels.

* * *

Who is Mr. Rosemberg? 1731A

A Mr. Leland Rosemberg is a very old friend of mine. And he had suffered a coronary heart attack, and I wanted to see how he was. That's all that was, and to wish him a merry Christmas.

Q Is he also a business acquaintance of yours?

A We have never actually been in business together, but I have often wanted to be in business with him.

Q What is his business?

A He is the partner of a Mr. Levy of Geneva, Switzerland, who is the largest trader in the world in cotton, and also the largest trader in the world in commodities, and is the largest supplier of butter in the world, for instance, and is one of the largest real estate holders in Europe.

Q How long have you known Mr. Rosemberg?

A I have known Mr. Rosemberg for ten or fifteen years.

He was formerly the ambassador to Switzerland

for the Dominican Republic.

MR. KUSHNER: Can we read back --

Q Ambassador to Switzerland from the Dominican Republic?

A That's right.

Q I take it that Mr. Rosemberg is a citizen of the Dominican Republic?

A No. He is a citizen of Switzerland.

MR. JACOB: He was Switzerland's ambassador to the Dominican Republic.

THE WITNESS: That's right.

MR. KUSHNER: Fine.

THE WITNESS: He is a Swiss citizen, but he was the Dominican ambassador at the time for Switzerland. That was in the Trujillo days.

He is not a Swiss citizen.

BY MR. KUSHNER:

Q Now, did Mr. Rosemberg --

I think it's R-o-s-e-m-b-e-r-g?

A Yes.

Q -- also have any companies which furnished corporate shells?

A No.

MR. AUSPITZ: Would you define what you mean

by "corporate shells"?

MR. KUSHNER: A corporate service company --

A No.

MR. KUSHNER: -- for example, like U.S. Corporate Trust Company.

A Not really. He is not in that type of business at all.

Q Never had that type of business?

A Never.

As a matter of fact, he was the original one I wanted to have become my partner in Vencap when I first started out because of his connections and his financial abilities. But, as it checked out, he had a sister-in-law that had married an American citizen or something.

MR. TAYLOR: Sister or wife.

THE WITNESS: Right.

A (continuing) And he is an outstanding man.

He had consented to become my partner in Vencap. But, under the Cyrus Eaton tax law -- One of his sisters had married a U.S. citizen, and the U.S. tax courts had -- I am not a tax lawyer.

But there is the man that decided basically that he cannot become my partner in Vencap.

Q Because that would have given Vencap a disad-

vantageous treatment by the U.S. tax laws?

A Right.

THE WITNESS: Do you want to tell them basically the tax law? I can't go into the thing.

MR. KUSHNER: Mr. Taylor, if you feel you can explain it, we will be glad to give you the opportunity.

THE WITNESS: Would you explain it?

MR. TAYLOR: Basically, had Mr. Rosemberg become an equal shareholder of Vencap, Vencap could have become a -- well, actually I think it was Conservative Capital that could have become a foreign personal holding company under U.S. tax laws; which we advised you should not -- should not occur.

BY MR. KUSHNER:

Q What's Mr. Rosemberg's address?

A I don't know now.

Q Where does he live?

A Geneva.

Q And what business is he in now?

A He now works full-time with Mr. Levy as his right-hand financial man. And they're developing the largest real estate development in Europe right now on the Portuguese coast. They're building 13 hotels.

* * *

Q Was this company planned by you to be the company in which the $3-million investment was to be received?

MR. AUSPITZ: I object to the form of the question.

THE WITNESS: Excuse me.

A This company was being set up as an offshore company to do --

Q To do what Vencap did ultimately?

A To do what Vencap did ultimately, and -- but also to fund some of Mr. Levy's money in situations, and to go into venture capital situations in general.

Q Well, is it correct that Mr. Rosemberg held the stock in this company?

MR. AUSPITZ: I object to the form of the question again.

A I don't know.

Q Well, did you hold the stock in this company?

A I don't -- I didn't hold the stock in it.

I think the company was just being formed, as far as I can tell, Bob. I never really got that far with it once David said he's out as a partner.

Do you follow me?

Q It was a shell company; is that correct?

A That's correct, right.

with Handelskredit Bank?

A No, we do not.

Q Did you at any time?

A I never have, m.

Q Nor your wife, as far as you know?

A As far as I know. Or any of my other wives.

1736A * * *

Q Now, please refer to two documents; one was marked Plaintiff's Exhibit 301 at the hearing on preliminary relief before Judge Stewart, and the other one has been marked today as Plaintiff's Exhibit 4 for identification.

A All right.

Q Now, does Exhibit 4 for identification accurately state the assets and liabilities of Vencap as at April 30, 1974?

A Yes, they do, Bob, as far as I know. I am not a CPA, you know.

Q But it's correct to say --

A Yes.

Q -- that you conduct the business of Vencap?

A Yes, I would say that this is correct.

Q Who are the authorized signatories of Vencap, by the way?

A Myself, Mr. Taylor, I believe. And that's

about all.

THE WITNESS: Isn't it?

MR. TAYLOR: Mr. Blackman.

A Mr. Blackman in Nassau, but not up here.

MR. TAYLOR: Correct.

A Mr. Blackman in Nassau, myself and Mr. Taylor.

Q And do you need more than one signature?

A Yes.

MR. TAYLOR: In some accounts.

A In some accounts. In some accounts, one; some accounts, two.

Q How many accounts are there?

A Five accounts for Vencap.

Q Where are they?

A New York City. One at the Bank of Commerce; at the Royal Bank -- no, the Bank of Nova Scotia; and also in Nassau.

David can answer you, if you will.

MR. KUSHNER: Please go ahead, Mr. Taylor.

MR. TAYLOR: London, the Chase Manhattan. There was also an account maintained originally at the Bahamas Commonwealth Bank, which has been closed out.

Q Does the last page of Exhibit 19 for identifi-

cation accurately describe the bank accounts of Vencap?

A That is correct, sir.

MR. TAYLOR: Off the record.

MR. KUSHNER: Off the record.

(Discussion off the record.)

BY MR. KUSHNER:

Q Now, the first item of that list, the last page of Exhibit 19, refers to time deposits at Handelskredit Bank, Zurich.

A Right.

Q You say those are CDs?

A That's correct.

Q Time deposits?

A Yes.

Q All right.

Who has the certificates of deposit?

A We do.

MR. TAYLOR: We have copies.

A We have copies.

Q Who has the originals?

A We have the originals.

Q Who is "we"?

A I would say the accountants would have them.

Q That is, the accountants out in Long Island?

A Yes.

Q What are the names again?

MR. GLAVIN: Field, Tiger, Krell & Werber.

THE WITNESS: Yes.

Q They have the originals of the certificates of deposit at Handelskredit Bank?

A That is correct, sir.

Q Amounting to a million three hundred five hundred thousand dollars?

A That is correct, sir.

Q Were any of these certificates of deposit held by Handelskredit Bank as collateral for an outstanding loan?

A As previously stated, Bob, one of them is securing a $600,000 loan against collateral of mine, against stock which pays interest and which has a carried interest.

Q Would your answer to my question, whether or not Handelskredit Bank holds any certificates of deposit listed on this last page, be yes?

A Both.

MR. TAYLOR: Both.

Q They hold both of them as security for a loan of how much?

MR. TAYLOR: Two loans.

A Two loans. One is six hundred, and --

MR. TAYLOR: 600,000.

A 600,000.

MR. GLAVIN: Five ninety and ten thousand cash. And the other is 700,000.

Q Totalling how much?

A That's a million three whatever it is. A million three fifteen.

Q And these loans were made by Handelskredit Bank to whom?

A One loan was made to Intercapital -- both to Intercapital, that's right; both to Intercapital.

Q These certificates of deposit are issued to whom, in whose name?

A Vencap.

Q They are in Vencap's name?

A That's correct.

Q You are quite sure they're not in bearer name?

A I wouldn't imagine so. They were in Vencap.

MR. TAYLOR: Off the record.

MR. AUSPITZ: On the record.

MR. TAYLOR: All right.

Please refer -- you have the trust agreements from your prior testimony; and you also have -- we just supplied you with the other trust agreement,

which shows it's Vencap making deposits; and it's, in a sense, a trust agreement.

BY MR. KUSHNER:

Q Mr. Pistell, what's the reason that the bank loans were secured in place of Vencap directly using the cash it had?

A For tax purposes.

Q The tax laws of which country?

A Curaçao, United States.

Q And was this to lessen the amount of taxes to be paid by whom?

A By Vencap.

Q And solely by Vencap?

MR. TAYLOR: Less an amount tax paid by Vencap --

A When we get into this, I am not a tax expert.

MR. TAYLOR: It's less the amount of tax paid from an American company, or an American individual, on a loan made -- there is withholding, if you have a direct loan from Vencap, 30 percent.

MR. KUSHNER: There is a direct loan to a U.S. citizen; is that correct?

MR. TAYLOR: The company, U.S. citizen, et cetera, yes.

MR. AUSPITZ: It's a matter of a Curaçao loan.

MR. TAYLOR: It's a matter of an Antilles treaty. That's why you have all the Eurobond companies established in the Antilles, for that reason, for the use of that treaty.

BY MR. KUSHNER:

Q Is there a current balance sheet for Intercapital, N.V.?

MR. KUSHNER: Mr. Taylor might know the answer to that.

MR. TAYLOR:

A No, there is not.

Q Mr. Pistell, are you able to tell me the major assets and liabilities of Intercapital, N.V.?

A Intercapital's assets are currently -- Intercapital is owed as of April 30th $125,179 --

MR. TAYLOR: No.

A Excuse me, excuse me. You are absolutely right. Intercapital's -- Intercapital has a loan receivable of $675,000 from Intervent.

THE WITNESS: Right?

MR. TAYLOR: Right.

A From Intervent.

MR. TAYLOR: It also has a loan receivable from you --

THE WITNESS: Right.

MR. TAYLOR: -- in the amount of 590.

A It has an amount receivable from me of $590,000.

MR. TAYLOR: And it owes approximately $1,500,000 -- it owes $1,300,000 to Handelskredit Bank.

Q Referring to Exhibit 4 for identification --

MR. KUSHNER: Do you want me to wait, Mr. Taylor?

MR. TAYLOR: Yes.

THE WITNESS: Would you excuse me for just one moment?

MR. KUSHNER: Sure.

BY MR. KUSHNER:

Q The second item on Exhibit 4 for identification is accrued interest receivable of $39,000.

Do you know from whom that's receivable?

A Receivable from Handelskredit Bank, interest receivable.

Q The next item is accounts receivable, 5,264 --

A That's been paid.

Q Do you know from whom it was received?

A Yes. That was some stock that was bought -- it should have been bought for my children's account, and they put it in the name of Vencap by mistake. And the children's account has paid Vencap the amount for it.

Q The next item is trust account, $15,000.

A Right.

Q Where is that account?

A That's with Anthony J. Crara & Associates in Mexico City, held in trust pending the closing of our Tangamanga and our mining situations there.

Q Have contracts been signed on that?

A Not yet, because there is a big argument over the source, whether it's a plaza or whether it's a -- If it's a plaza, it comes under a different regulation than if it's a quartz type of situation, you know.

So, they're fighting that one out.

It's a completely different percentage if it's plaza.

Q The next item is loans receivable, $155,000.

From whom are those loans receivable?

A That's due from Intercapital.

Q Is that the entire total as due from Intercapital?

A That would be the profit.

MR. TAYLOR: That's due directly from Intercapital.

A That's due directly. That would be the profit from the difference between the purchase price and the sale

price -- just inter-company, that is.

Q This loan evidenced by any loan agreement?

A Yes. I think you have the agreement there.

Q It's been produced?

A Yes, right.

Q I will look at it overnight then.

Did Intercapital reloan the money?

A No.

MR. TAYLOR: Well, it has in a sense that -- no, I don't know.

A No. We will check on it.

Q What did Intercapital do with the $155,000?

A As far as I know, Bob, this is a -- this is a receivable from probably Intervent -- but I want to check on it before I answer you for sure -- upon liquidation.

Q You believe, in other words, that Intercapital in some fashion directed the $155,000 to Intervent?

A I will check that, Bob. I have seen this as of this morning when I got off an airplane, you know.

MR. KUSHNER: Mr. Taylor, I did ask for the Intercapital account -- account and journal, did I not?

MR. TAYLOR: No, but I will add it to the list.

MR. KUSHNER: Please do.

Q The next item is salary advances, $25,000.

To whom?

A That would be probably charged against me.

I want to go over the list myself, Bob, on the thing. But anything that's of a personal nature or personal item, the accountants charged against me directly.

Q Turning to the investments and cost on Plaintiff's Exhibit 4 --

A Yes.

Q -- there is an item for securities, $905,149.

Are those securities accurately listed in Plaintiff's Exhibit 19 for identification?

A Yes, they are.

Q Next there is an item, Turkish wine concession, $32,728.

What was that money advanced for?

A That was an advance so far -- I don't know what part is equity and what part is loan -- setting up the Turkish wine concession and setting up the offices, et cetera, and the expenses -- which we have complete vouchers for -- for the Turkish wine concession, Bob.

Q Do you recall to whom you paid the money?

A That was put into -- advanced to Mr. Coptomyer partially against expenses on various trips to Turkey; and

part of it has been directly loaned to the company that has been set up.

Q Which is called?

A S-a-n-g-i-n.

Q Then there is an item, other investments, $19,000.

What is that?

A Where are we, Bob, here?

Q Plaintiff's Exhibit 4.

A That's our Tangamanga investment in Mexico so far.

* * *

Q It's all in Tangamanga?

A That's right.

Q Is that in stock of Tangamanga?

A Not as yet. That is stock to be issued, but that stock will not be issued until the figures are correct and in accordance with the Mexican Government.

Q Who are the participants in the Tangamanga investment?

A The participants in the Tangamanga investments are the Maloof family and Vencap.

Q In what proportions?

A That I cannot tell you at the moment. Whatever it is, it will be 50/50, you know, I would imagine.

A That would be in trust for Vencap, if it's all right under Mexican law.

Q How much will Vencap have to invest in this project?

A I would say, if we're successful, probably -- we have done a great deal of work on the property -- maybe another 25- to 50,000. But then you farm it -- the company would be merged into a larger company.

Q Larger company where?

A In Mexico, with American ownership in it.

Q Have you got such a company that you have been negotiating with?

A We have a company that we have in mind that has also made very substantial investments in Mexico.

Q What kind of mine is this?

A Gold. 1748A

* * *

Q Next item is liquidating dividend receivable, $125,000.

Receivable from whom?

A That would be receivable from Intervent to Intercapital -- to Vencap directly. That would be direct, and that would be the difference between the purchase price and the sale price of the oil and gas properties, Bob.

Q You said it's due from Intervent to Vencap?

Q When is it proposed to liquidate Intervent?

A As soon as all the accounting adjustments are through, Bob, which could be by June 1.

Q Accounting adjustments between whom and whom?

A Between Bintliff and Flag Redfern on the final runs. Do you follow me? Oil and gas payments.

Q The next item is organization expense, $15,000. Whom did that go to?

A I guess the attorneys.

Q Is that New York, Bahamian, both, or what?

A Both.

Q And there is a -- the very last item is retained earnings deficit, $342,828.

A Yes.

Q Can you state the reasons for that deficit?

A I can state the reasons for that deficit. Basically that would be the losses sustained so far in the corporation, startup costs, losses on some securities; but does not reflect the true -- As we get into this further, Bob, I think that is pretty well wiped out.

Q You mean it will be, or it has been?

A Well, I think it could be -- do you follow me? -- on the liquidation of other assets that Vencap has received.

Q To date it hasn't been, I take it?

A Not -- only because of time.

For instance, when you look at the securities, Turks and Kakos Airways, of $62,000, we received all of our money back on the airline transaction plus our interest. The $62,000 was an extra fee earned by Vencap.

That is now equivalent to 6,000 shares out of 134,000 shares of the Turk Kakos Airline, which has just gotten the routes for all of the internal of Haiti plus routes to the Bahamas plus routes to the U.S.

That stock is currently going to be split 14-for-1, and should have very substantial earnings this year for a small airline.

So, really our cost is put down as a cost, but really it's a profit, if you understand.

Q Where is that stock traded?

A Well, there is no market in it. It's a private airline. It has no market at the moment. But it has very fine earnings for the year for a startup operation.

Q How many aircraft does that company have?

A At presently it only has three, but it will make more than Panamanian Airways this year. They're a very small airlines, but I would say it would have an operating profit of $75- to $100,000.

It has just received all the internal routes for all of Haiti plus a route into the Dominican Republic plus a route to the U.S.

Q How many aircraft -- excuse me -- What type of aircraft are these?

A They're very small islanders. It's what we call a regional carrier. And it could be a very, very profitable franchise.

Q It carries how many passengers?

A The average plane?

Q Yes.

A Fifteen, twenty at the most, plus vegetables, fruit, goats, anything, you know.

Q Who is the president of the airline?

A Mr. Hackley, H-a-c-k-l-e-y.

Q Was he formerly president of Outer Island Airlines?

A That is correct.

Q Who are the other major shareholders in the airline?

A I will have to get that for you. I can't tell you that, but I will find out.

Q I will ask you tomorrow.

A I think it would probably be -- well, I will

have to find out.

Q What percentage of the outstanding stock does Vencap own?

A We own 6,000 shares out of 134,000 shares.

Q Purchased in a private transaction?

A No, it was basically purchased by the fee that we earned from the Outer Island deal.

Q What deal are you referring to?

A When we sold our interest out in Outer Island and got all our monies repaid plus our interest, we also earned a fee of $62,000. That fee was used to purchase the 6,000 shares into the Turk Kakos.

Q In lieu of the fee, you took the 6,000 shares?

A Yes.

Q From whom did you take the 6,000 shares?

A From the company.

Q Which company?

A Turk Kakos Airways, Ltd.

Q What did the Turk Kakos Airways, Ltd., receive for the shares it gave you?

A $62,000.

Q From whom?

A From Vencap.

MR. TAYLOR: Off the record a moment.

MR. KUSHNER: Off the record.

(Discussion off the record.)

BY MR. KUSHNER:

Q To whom did Vencap sell its securities in Outer Island Airways?

A I believe the government -- right? -- or was it actually Charlie?

MR. TAYLOR: It was sold through them to the government.

A It was sold through Mr. Murphy and Mr. Hackley to the government. In other words, they bought back their own airline.

Q When?

A I'd say approximately May.

Q Of 1973?

A Right. May or June.

Q What consideration was paid for the securities owned by Vencap in Outer Island Airway?

A We got our full monies back plus our interest.

Q What --

A Plus.

Q What amount is that, if you recall?

A I got a $62,000 fee, which we reinvested into the Turk Kakos Airways, Ltd.

That's exactly what I said in the first place, Dave.

Q Okay.

Do you recall the amount of money you received?

A The full amount of the loan, which was roughly 660,000-some, plus our interest, plus $62,000.

Q Okay.

MR. TAYLOR: You didn't get that cash, the 62,000; you got stock.

THE WITNESS: We explained that, David.

Q Did you have the option of taking cash or stock?

A Yes, I think we had the option of taking cash or stock.

Q Who gave you that option?

A The company.

Q Outer Island Airways?

A Yes, and Mr. Hackley and Mr. Murphy.

Q I seem to recall at the trial you gave testimony extolling the future of Outer Island Airways.

Is there some reason that you sold out Vencap's position in it?

A No different reason than a lot of companies all over the world are selling their interest to other governments today: the government wanted the airline.

Q When was the last time that you saw Vesco?

A Last time I saw Mr. Vesco was at lunch in Costa Rica on my visit there, Bob.

Q When was that?

A Do you have our sheets?

The twenty-eighth or twenty-ninth or whatever it is.

MR. AUSPITZ: The twenty-ninth.

Q Of 1974?

A Yes, sir.

Q Have you spoken to him since then?

A No, sir.

Q What subjects did you discuss with him at that time?

A He had heard that I was visiting Costa Rica. He left a message at the hotel that he would like to have lunch.

We went over, and basically it was a family lunch. His wife was there; his children were going to school. They were just starting up school. And I had lunch. And he was very inquisitive about what was going on in the U.S.; what was happening.

I would say that he's very concerned for his children at the moment, in being kidnapped or something

happening to them. That is happening in all South American countries, with all the publicity.

And I would say that he was very concerned about his personal self, from talking to him and watching his action.

We really didn't talk business. In general, we just talked about the general situation. I think, from the publicity that he has had, that he and his family have been under a great deal of pressure.

And that's about it.

MR. AUSPITZ: I move to strike so much of that answer as did not deal with actual conversation but Mr. Pistell's impressions.

THE WITNESS: Right. But really it was a family lunch, you know.

MR. KUSHNER: I certainly will join in that motion.

Q Did you discuss business with him?

A Not really.

He asked me how things were going, you know. But he never really had too much interest in a lot of mining properties.

Q At any time since January 1973, have you worked out of an office in lower Manhattan?

Q -- in that regard?

A None whatsoever.

MR. AUSPITZ: Is the record clear that there was in fact a sale from Lincoln American to EHG?

Q Was there?

A Sure there was.

MR. AUSPITZ: I believe you testified that it was carried as a receivable.

THE WITNESS: We got partly cash down, I remember, and there is a receivable on the books.

MR. AUSPITZ: But from EHG.

THE WITNESS: I don't know how they work out the final financing or whether it was through a bank or who or what, you know.

BY MR. KUSHNER:

Q Is a company called ERA Corporation familiar to you?

A You mean the railroad express?

Q No. It's a Florida corporation, ERA.

A No, sir.

Q Not familiar?

A No.

1971

* * *

Q Have you received any commissions or finder's fees in connection with any transactions entered by Vencap?

A None whatsoever.

Q Has anyone in your behalf received such fees?

A None whatsoever.

And, if we ever did consummate a deal, Vencap would receive the fee directly.

Q Do you recall whether the $150,000 finder's fee you received in the summer of 1972 in connection with the San Cristobal transaction was paid to Vencap?

A So we get the record very clear on that, Bob, that was a fee paid directly to me.

The $3-million had not gone into Vencap at that time, and I put my fee in that was paid to me by San Cristobal, and not by anyone in IOS or any of the funds, into Vencap to help it start up, its starting cost, et cetera, with the understanding that I would have the right to draw down that hundred thousand. But it was to help form a company and start the company off.

Q Draw down in what form?

A Excuse me?

Q Draw down in what form?

Is it your testimony that you loaned Vencap --

A No.

Q -- that fee, or what?

A I took it in and put it in the corporation and

paid the taxes on it, as far as I know. It was an earned income fee to me personally.

MR. TAYLOR: You have a document on that.

A You have that all documented.

Q It's one of the exhibits?

A Yes.

And I think we testified before on that. I didn't get the 150,000, Bob. I only got a hundred of it.

MR. KUSHNER: Mr. Taylor, see if any of these help you.

THE WITNESS: I think we did that one before.

MR. TAYLOR: Here it is (indicating).

Q You are referring to a letter dated May blank, 1973, from Vencap addressed to you, which is part of --

MR. TAYLOR: Attachment to the minutes.

Q -- Exhibit 33 for identification?

A Yes.

Q Is that it?

A Right.

MR. TAYLOR: I thought we gave you a copy of that.

MR. KUSHNER: I am not saying you did or didn't. I haven't had a chance to go through the exhibits you have produced today.

Q The letter states, in part:

"This letter will serve to confirm our agreement with the fee of $150,000 which was paid into the company to facilitate the organization and initial funding of the company.

"1. The company will pay to you $100,000, which is the net amount of the fee to which you were personally entitled.

"2. You will hold the company harmless from any liabilities of third parties which may be asserted against the company for brokerage or finder's fee in connection with transaction resulting in the payment of the fee to the company."

Is that the letter, Mr. Pistell?

A Yes.

Q You received $100,000 back?

A I believe that I was taken -- they have charged me with that personally, with that much.

Q They haven't charged you; they have advanced it to you, or returned it, given it to you.

A They have reimbursed me for that much, right.

I mean, I could have put it in the Chase Bank or any bank I wanted to.

Q Can you tell me what your present plans are

for Vencap?

A Basically to try and make money.

Q Are there any transactions that you propose to enter into for Vencap?

A We are looking at a number of transactions at the moment; keeping far away from the stock market because we aren't believers in the stock market at the moment.

And, if you will take a look at the funds here, $3-million, if it was invested in the average mutual fund in 1972 when these monies were received, I believe there would have been a 30 percent loss percentage-wise in the average mutual fund in America.

Q What index are you referring to?

A I am talking about mutual funds.

Q What average mutual funds?

I wonder whether you have some index you would like to refer to.

A I use the Arthur Lipper index: 22 percent for '73, 8-1/2 percent for this year, and 2 percent for the year before.

Today is a matter of trying to conserve capital and making money and not get caught in the everlasting declining stock market.

Q Are there any transactions which would call for

investments by Vencap in an amount exceeding $150,000 which you are contemplating now?

MR. AUSPITZ: I object to the form of the question.

A At the moment, Bob, I can't answer that question. We're looking at maybe a dozen situations that could take anywheres from 50,000 to a million dollars, you know.

Q Are these dozen transactions written down somewhere?

A Right here in my head (indicating).

Q They aren't written down anywhere?

A No; because we haven't reached any final agreements or conclusions. Things keep changing daily, as you know.

Q Incidentally, on the major securities holdings you have in Lincoln American Corporation --

A Right.

Q -- Vencap has a loss of what? About $300,000-odd --

A That's right.

Q -- or more?

A That's the same stock, Bob, that we had originally.

The company has a hard book value of $6 a share. Its earnings will be up substantially this year over last year, I would say well over 100, 150 percent. And I look for the coming year to even increase more. I think the company has had a complete turnaround.

But, since the Equity Funding debacle, all the insurance companies' stocks have suffered terribly; plus, with high interest rates, they are suffering terribly.

We thought under Phases I, II, III and IV that the current monetary situation would change, but it doesn't seem to have changed as yet.

But it's a security, in my estimation, if held onto, is going to do exceedingly well over the next year.

Q So that you are holding it for the long term?

A That is correct.

I think it earned $5- or $600,000 in 1972. In 1973 -- When I went in, it had a loss of $2.5- to $3-million. I think in 19 -- fiscal just ending in March, it will have earnings of approximately a million and a half.

I look for earnings for this coming year from $2- to $3-million. And, if we're successful in getting the rest of Victory Life, which we now have 28 percent of, I look for earnings in excess of a dollar a share.

Q When is the next annual shareholders' meeting

of Lincoln American?

A I'd say probably April -- May, probably, sometime, Bob.

Q May of this year?

A Yes.

Their fiscal year is March.

Q Is there a proxy battle?

A No.

Q No proxy battle?

A They're fighting a battle with Victory Life.

MR. AUSPITZ: With or for Victory Life?

THE WITNESS: To get control of Victory Life, which is a $100-million asset company, which they now have 27 percent.

But the earnings of Victory Life are not reflected in the earnings of Lincoln American, even the 27 percent.

BY MR. KUSHNER:

Q There is no battle to divest the present management of Lincoln American of control?

A No.

But it's such a price, and with such assets, you know, it could happen any day.

Q Now, is it likely that within the next month

Vencap will enter into any transaction which will require it to invest more than $50,000?

A Yes, Bob, that is a possibility.

Q I didn't ask for what was possible; I asked for what was -- if it was likely.

MR. AUSPITZ: I object to the form of the question.

Q Is it?

A I would say, in the next --

Next when, Bob?

Q Month.

Q I would say, in the next month, it could easily have that much of a commitment.

For instance, if we're successful in the endeavors of our importation of Turkish wines, it will have to give a letter of credit, substantial letter of credit, which would be backed by firm orders. Do you follow me?

But that's just a letter of credit.

Q Are there any other examples?

A If we are successful in Africa, we would certainly have to put money up for the concessions there.

Q How much free cash does Vencap have?

A Well, if wanted to --

MR. AUSPITZ: Can you define "free cash"?

Q I take it it's two certificates of deposit are -- serve as security.

A Remember one has been sold.

Q They're not available?

A Yes.

Q One has been sold?

A The oil and gas deal has been sold.

Q Is that -- That's not -- That cash hasn't been paid yet, has it?

A Well, partially. It's in liquidation now through June.

Q How much has been paid?

MR. TAYLOR: You have the balance sheet for Intervent there.

Q You are referring to Plaintiff's Exhibit 37 for identification?

A Yes.

Q This cash of $706,000 is now available?

A That is correct.

Q Where is that, by the way?

A I believe it's in a CD.

Q Where?

A I will have to check and find out.

Q You don't know which bank?

A Bank of Commerce.

Q In New York?

A Right.

April 30th.

Q In whose name is it?

A Vencap -- No, Intervent, excuse me.

Q Intervent?

A Right.

Q And how many days is that certificate of deposit?

A I don't know, Bob. I will check that.

Q Purchased April 30, did you say?

MR. TAYLOR: It's shown here as cash; it's not a CD at that time.

MR. KUSHNER: I see.

Q When was it purchased?

Is it a certificate of deposit now?

A No.

Q No?

A No.

Q What is it?

MR. TAYLOR: I think it is in the form of a CD now.

A I think it's a CD.

Q You don't know how long there is to run?

A I think it's 30 to 90 days. It was in commercial paper --

MR. KUSHNER: Can we have a copy of that tomorrow, Mr. Taylor?

Q Aside from this item of $706,000, does Vencap have any other available cash?

A We have the total liquidation coming in from the oil and gas deal. We can liquidate securities, you know. I mean, if we wanted to, we could liquidate everything.

Q The securities are those reflected in Exhibit 19 for identification?

A That is correct.

Q And, basically, they are trading on which exchanges, if you recall?

A Well, if you take a look, Lincoln American is on the American Exchange. Lowenrowe is on the London Exchange. Universal Oil Products is on the New York Stock Exchange.

And I am sure we could arrange for a sale of Turk and Kakos Airline stock. I am sure we could arrange for a sale of the Flag Redfern stock.

Q Universal Oil Products is on which exchange?

A New York.

Q New York Stock Exchange?

A Right.

And I'm sure, if we wanted, to, we could arrange for a sale of the Flag Redfern stock.

Q You mean you'd have to exercise the option first, wouldn't you, before you sold the stock?

A No. We own the stock.

Q I thought you only had an option on it.

A No, sir.

MR. TAYLOR: We have an option --

A Vencap, yes. I mean, I could sell the option or I could sell the shares for them.

Q It's a private market, isn't it?

A Yes. But it's a very good private market, because the company is doing so well, exceptionally -- as a matter of fact, they're contemplating going public either this year or by the end of this year. But their earnings are rising so fast that my advice is for them to hold on for a little bit.

And they couldn't be in a better business than oil and gas at the minute.

Q Going public where?

A In the U.S.

Q Over the counter?

A To start with, over the counter, although I think their earnings would justify them being listed on either exchange. But I don't -- I think it's three years.

To give you a rough idea, if you want, Bob, last year they earned $1.29 on a million shares of stock after depletion appreciation. And my estimate is this year they'll earn $1.80 a share.

And, with the type of reserves that they have, which are the finest, I would say it could sell for a multiple of at least 17 times earnings, even in this market.

Q You are projecting earnings at how much?

A $1.80 this year.

MR. KUSHNER: Off the record.

(Discussion off the record.)

BY MR. KUSHNER:

Q Now, do you recall that, under your employment agreement with Vencap, you are entitled to 15 percent of the net profits or net earnings of the company?

A In excess, right.

Q I'm sorry. I didn't understand your answer.

A We will get the agreement out for you

It's under number 3, compensation:

"The employer agrees to pay the employee for

the services rendered by him pursuant to paragraph 1 hereof (1) a salary in the amount of $60,000 per year payable in equal monthly installments at the end of each calendar month in the agreement, and additional compensation profit-sharing equal to 15 percent on the amount of the employer's net profits as defined hereafter in respect of each fiscal year," and so forth and so on.

Q What is the fiscal year of Vencap?

A August -- I think it ends August 30.

Q So that the first fiscal year included August 30, 1973?

A Right.

Q Has there been any computation yet of whether there have been net profits?

A So far there have not been any net profits.

Q When is the last time you met Stanley Graze?

A The last time I met Stanley Graze was in my last -- the trip before last to August -- to Nassau.

Q Which was in what month?

A I am trying to find that for you right now, Bob. That was in the month of January.

Q '74?

A Yes, right.

Q Where.

in getting a foothold in the mining business in Canada. And I had a private meeting with the deputy chairman and chairman of the board of directors of South Africa in London.

They have no gold properties in Canada, and they would like to maybe hedge their bet a little bit.

Q How does Chibex figure in this?

A At the moment it doesn't.

Q Incidentally, has Fund of Funds picked up its option on Chibex shares?

A No, never, not as yet.

* * *

1772A

Q Does Vencap have an option on Chibex shares?

A Yes, it does.

Q Has it picked it up?

A No, sir.

Q What's the present market price of Chibex?

A Approximately $2.25 per share.

Q Is that bid or ask?

A Bob, I don't know. 2.20; 2.25; it's been up to 3.

* * *

(continued on p. 165)

A I have never heard the name.

Q You have no negotiations relating to General Bahamanian Companies?

A No. No, Bob, I have not.

Q Since January 1, 1973 have you earned any finders fees?

A No. I have not.

Q Have you received any?

A No.

Q Since January 1, 1973?

A No. I have not and let me say, if I did they would go to Vencap.

1773A

Q Have you any knowledge or informatinn about Vesco's activities in Costa Rica?

A I have none whatsoever.

Q Neither knowledge nor information?

A Neither knowledge nor information nor did I hear any nor did he volunteer any.

Q Do you have any knowledge or information about Vesco's activities in Panama?

MR. AUSPITZ: I object to the form of the question.

A The answer is No, anyway.

(Continued on page 177.)

A You will have to look that up. That's when I flew to Lebanon with Mr. Vesco.

MR. GLAVIN: In '72.

THE WITNESS: In '72 or something.

Q Where was the cocktail party?

A The cocktail party was at Mr. Straub's house, and it was a Christmas cocktail party. And we spent exactly ten minutes there, and driving back with Mr. Crosby from Paradise Island, Mr. Crosby wanted to drop in.

Q Where is Mr. Straub's house?

A Coral Harbor. South side of the Island.

Q The Bahamas?

A Yes -- I don't know, because Mr. Crosby's chauffeur drove us there.

1774A

Q In negotiating for the $3-million investment for Vencap, who were the attorneys on the other side?

A I think Wilkie -- Wilkie, Farr & Gallagher.

Q Who from Wilkie, Farr & Gallagher?

A Mr. Taylor will tell you that, because I was not at the closing.

MR. TAYLOR: Mr. Ford and Mr. Delmonti.

A Mr. Ford and Mr. Delmonti, and Mr. Merritt was present at the time.

Q Is this something you don't know of your own

knowledge?

A I wasn't there.

Q You are just taking Mr. Taylor's answer?

A Right.

Q You don't recall dealing with any of these attorneys on the Vencap investment?

A Not really.

MR. TAYLOR: Mr. Ford.

A Mr. Ford, yes, I met them. But I didn't negotiate or anything with them.

Q Did you meet them at business meetings relating to the $3-million?

A Not really. I met -- I wasn't even at the closing.

MR. TAYLOR: Not the 3-million, but there is a -- there was a transaction, and which he's already testfied to, regarding the proposed purchase of the reinsurance company --

THE WITNESS: Yes.

MR. TAYLOR: -- which were all in negotiations, which Mr. Ford was principally involved there.

THE WITNESS: Which we turned down in the end, or came to no agreement to in the end.

MR. KUSHNER: Let's break now and resume tomorrow morning.

(Time noted: 5:25 o'clock p.m.)

1776A

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF NEW YORK

RECEIVED
MAY 1974

----------x

SECURITIES AND EXCHANGE COMMISSION, :

Plaintiff, :

-against- :

ROBERT L. VESCO, et al., :

Defendants. :

----------x

Continued deposition of RICHARD C. PISTELL, taken by plaintiff, pursuant to adjournment, at Securities and Exchange Commission, 26 Federal Plaza, New York, New York, on Tuesday, May 7, 1974, at 11:00 o'clock a.m., before a Shorthand Reporter and Notary Public of the State of New York.

oOo

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1777A

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oOo

RICHARD C. PISTELL, the witness on the stand at the time of adjournment, May 6, 1974, being previously sworn, resumed the stand and testified further as follows:

DIRECT EXAMINATION (Cont'd)

BY MR. KUSHNER:

Q Mr. Pistell, please look at Plaintiff's Exhibit (Pistell) 5, for identification, and from now on I will refer to these exhibits simply as plaintiff's Exhibits for identification.

Have you see that exhibit prior to today?

A Yes, I have.

Q Now, these are copies of assignments of interests on certain properties from Intervent to Numark.

A That is correct, sir.

Q The first assignment which bears the register mark of Volume 1198, page 287?

A Right.

Q Incidentally, do you know where that is recorded?

A I do not.

MR. KUSHNER: Would Mr. Taylor know?

A I don't know--I have never been in the county.

MR. TAYLOR: You have to record it in each county.

Q It is recorded in the Texas county?

MR. TAYLOR: County of Brazora.

Q Do you recognize the signatures on the last page of the first assignment?

A Yes, I do.

Q And can you tell me who signed for Intervent?

A Richard C. Pistell.

Q Is that Mr. Taylor's signature as secretary?

A That is correct.

Q Underneath yours?

A That is correct, sir.

Q Do you know who signed for Numark?

A Mr. Klinchick and the assistant secretary whose name I can't read.

MR. TAYLOR: I think that is Alex Beveridge.

Q Do you know who the witnesses signatures are?

A Yes, Mrs. Nurrick (phonetically spelled), who wroks as a Notary Public and-- Who is this?

MR. TAYLOR: Castile (phonetically spelled) a temporary secretary.

A (Continuing) Castile, temporary secretary.

Q Are those ladies employed by Havens, Wandless?

A Mrs. Nurrick is. The other lady I believe was a temporary secretary, Bob.

Q Can you identify the witness' sitnatures for Num ark?

A No, I cannot.

Q When did you sign this document?

A When did I sign the document? I signed it in advance of the closing which was March 21 but I did sign it in advance, Bob. The 16th day of March.

Q You are referring now to notarization?

A Right.

Q You signed in New York?

A Yes, Bob.

Q I see. Then you were not present at the closing, I take it?

A No. I was not.

1781A

Q All right.

So each of these assignments recites that Intervent for and in consideration of the sum of ten dollars and other good and valuable consideration makes the sssignment.

Is there some document that spells out the precise consideration received by Intervent?

Is there an exhibit?

MR. TAYLOR: I think we gave you that question, the agreement.

MR. KUSHNER: Is that part of Plaintiff's Exhibit 5 for identification?

THE WITNESS: It is 22, Bob.

MR. KUSHNER: All right.

Let's hold that for a minyte and we will return to Exhibit 22 in a moment.

THE WITNESS: Sure.

BY MR. KUSHNER:

Q Who found Numark is the purchaser of these interests?

A I met the president of Num ark in Canada.

Q And through anyone?

A I believe I met him through Mr. Norman Short, president of Guardian Growth Fund.

Q When did you meet him?

A Oh, in the past six months, Bob. I can't tell you specifically.

He had had a very successful record in a former company. He was a geologist in -- Quesar -- where the company h-d been a tremendous success and found a great deal of oil and gas.

He has a wonderful, wonderful track record.

Q Is that Q-u-a-s-e-r?

MR. TAYLOR: Q-u-e-s-a-r.

Q Were there commissions or finder's fees paid in connection with this assignment, transaction recorded in Plaintiff's Exhibit 5 for identification, sir?

A Mr. Robert Hatchett received a commission from Flag-Redfern--

MR. TAYLOR: He said in connection with Numark.

THE WITNESS: Oh, no.

Q I said in connection with Numark.

A No.

Q None?

A None.

Q Now, is it correct that-- Strike that.

When did Intervent make the purchases of these assignments?

A Actually in September. Wasn't it Dave?

MR. TAYLOR: The closing was in November.

A The closing was in November but we agreed to the deal prior to that time.

Do you follow me?

The actual closing took place sometime in November.

Q November of 1973?

A Right.

Q And what exactly was Intervent purchasing?

A It actually purchased a working interest in the oil and gas leases, the properties.

Do you follow me?

Q Were these undivided interests?

MR. TAYLOR: Yes.

A They were undivided interests.

Q Who owned the other undivided interests?

A Well, Flag-Redfern bought part and Intervent bought part. They were interested in purchasing the entire amount but we found the deal through our connections

and contacts and so they allocated us a certain percentage of what we wanted after they checked out the basic values of the properties and we had engineering reports and feasibility studies made.

We purchased, I believe, 42 percent of the working interests--not working interests--in the properties.

Do you follow me?

Q You purchased 42 percent. How much did Flag-Redfern purchase?

A The balance.

Q 58 percent?

A I would say 58 percent.

Q Were these unproven?

A Oh, no; these were all proven working--

Q Not semi-proven?

A No, proven with a record. We have the actual--here are the actual studies that have been made, the First National Bank of Houston Oil Department checked them, plus we had an outside firm by the name of--

MR. TAYLOR: Ryder Scott.

A Ryder Scott, who are considered the finest people in Texas for the banking purpose, check all reserves.

Q You are referring to Plaintiff's Exhibit 13 for identification?

A Yes.

Q For the Ryder Scott appraisal, are you not?

A Yes, I am, Bob.

Q All right.

Did Flag-Redfern sell its 58 percent interest?

A No. They kept their 58 percent interest.

Q And was -here some reason that Intervent: sold its interest at a time which wa: about four months after it purchased?

A Yes, Bob.

Q What was that?

A We sold it because we thought we were making a fairly good profit on a very short swing.

Q And the profit was how much?

A When we got all through paying commissions, expenses, Hatchett got a commission.

MR. TAYLOR: On the final--

THE WITNESS: No, but on the original he did.

MR. TAYLOR: Yes, a hundred twenty-five thousand.

THE WITNESS: We made basically a hundred twenty-five thousand net.

Q You mentioned Mr. Hatchett got a commission on the original acquisition of property--

A And Flag-Redfern pro rata.

Q What was the portion paid by Intervent?

A 42 percent.

Q To Mr. Hatchett?

A 42 percent of the total price.

Q You testified yesterday, and I don't recall your testimony, about whether Numark was a public or private company.

A It is a public company traded on the Vancouver Exchange.

This is an all-cash deal.

Q It was all cash in the acquisition?

A And all-cash went out.

QW By Intervent?

A Right.

Q And all cash received by Intervent.

A When the final payouts come which should be by June it will be an all-cash transaction.

Q Let us refer to that exhibit which you refer to as the agreement.

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contrary to Commission policy.

A A hundred of my shares.

Q So that 40,000 shares serve as collateral?

A 40,000 plus.

Q Where are these shares being held?

A They are at Handelskredit Bank. 1787A

* * *

Q Now, what collateral does Vencap have for the loan it made to Intercapital or didn't it make a loan to Intercapital?

A Yes it had -- no.

MR. LANZOTTI: There were advances.

A There is no collateral. It's just an agreement loan.

Q It's a unsecured loan to Intercapital?

A Yes, to Intervent which owned the oil and gas.

Q Intercapital?

A I got you. It was an agreement between Vencap and Intercapital.

Q Okay. And that's an unsecured loan from Vencap to Intercapital?

A Yes, but --

MR. TAYLOR: Part of it is secured.

THE WITNESS: Part of it is secured.

* * *

Q What secures it?

A May --

MR. LANZOTTI: The agreement is seven hundred, the fifteen is the extra commission--to offer the commission.

MR. TAYLOR: Their commission rate. This one does say it refers to seven hundred fifteen--there is a little anomaly--

MR. LANZOTTI: The promissory note is for $700,000 on this.

MR. TAYLOR: That's right.

THE WITNESS: What is the other fifteen?

MR. LANZOTTI: That is to cover the commission.

THE WITNESS: I got you.

MR. KUSHNER: Do you happen to have the exhibit number we assigned to that other exhibit covering the $700,000-some odd?

MR. TAYLOR: Yes, it is 26.

MR. KUSHNER: 25 for identification-- No.

MR. TAYLOR: This looks like 26.

MR. KUSHNER: 26 for identification?

MR. TAYLOR: Yes.

* * * 1787A-1

BY MR. KUSHNER:

Now, under both these exhibits 277 for identification and 26 for identification, is it correct

1787A-2

that the amounts of the deposits made by Vencap, which total a little over a million three hundred thousand dollars are blocked by Handleskredit Bank.

MR. TAYLOR: In effect.

MR. KUSHNER: So that they cannot be withdrawn at will.

MR. TAYLOR: Unless there is a repayment of the principal.

MR. KUSHNER: Of the loans due from Intercapital.

THE WITNESS: That is correct.

MR. KUSHNER: And these documents recite that the--although the loan is being made by Handleskredit Bank, the loan is for the account and at the exclusive risk and peril of Vencap; is that correct, Mr. Pistell?

THE WITNESS: That's correct, Bob.

* * *

BY MR. KUSHNER:

Q Incidentally, do you know who signed for Handleskredit Bank the exhibits marked as 26 and 27?

A Yes, I do. Dr. Heber.

Q Which exhibit did he sign?

A 26. 26, I believe, Bob, and also 25. 25 and 26.,

MR. LANZOTTI: Nassau.

MR. TAYLOR: Nassau.

MR. LANZOTTI: August first.

MR. KUSHNER: On August 1st, 1973.

MR. TAYLOR: Right.

THE WITNESS: Right.

BY MR. KUSHNER:

1788A

Q Did I ask you what Intercapital did with the balance of the 50,000 dollar balance?

A It made a short-term loan which has since been repaid.

Q To whom did it make the loan? I believe it made a short-term loan to Chibex for a matter of a period of two weeks for a piee of equipment that had to be paid for at 13 percent interest and has been repaid.

Q And where is the money now?

A That would be at the Royal Bank, too, I would imagine.

MR. TAYLOR: Probably.

A Probably.

MR. TAYLOR: Yes.

A That was as of today, checking that last night.

Q Royal Bank --

A Montreal.

Q Montreal?

A Right. It was like a two week loan. We got 13 percent interest.

Q In the amount of about eighty thousand dollars?

A I thought it was a hundred, but I could be wrong. In the amount of approximately 80,000 dollars.

Q Any rhyme or reason to the transactions listed in Exhibit 19? Were these short-term trades by you?

A Excuse me, Bob.

Q I am asking --

A Yes, these were short-term trades.

Q Calculated to achieve short-term gain, I take it?

A That is correct.

Q Except for Lincoln American, would that be the only security that you purchased for the long term?

A Those would be the only securities we purchased, right.

Q For the long term?

A That is correct.

Q Mr. Lanzotti points out that on Exhibit 3, one which was marked during the hearing before Judge Stuart --

figure than what you provided on that balance sheet.

THE WITNESS: Has that got the additional 70, some, hundred shares in it?

MR. LANZOTTI: No.

THE WITNESS: These two figures are the same.

MR. KUSHNER: They are not the same as here.

THE WITNESS: I got you. Let me see --

MR. LANZOTTI: You show 614,000 as your cost.

MR. TAYLOR: I don't understand it.

THE WITNESS: I dodt understand it, but we will check up on it.

MR. KUSHNER: Shall we go on?

THE WITNESS: Whatever the explanation is, we will forward it to you.

1790A

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Q Referring to Exhibit 2, for identification, is that a copy of a letter which you sent to Mr. LeBlanc?

A That is correct, sir.

Q And when did you send it to him?

A On March the 2th, 1973.

Q By mail or by some other method?

A I cannot recall, Bob.

Q Who drafted this letter?

A I basically drafted the letter.

Q And the first draft states, quote, I understand that discussions have been under way which would lead to a settlement of the current SEC complaint against I.O.S. Limited, Global Holdings Limited, and others, close quote.

Where did you get that understanding from?

A From Mr. LaBlanc and Mr. Vesco.

Q And what did they tell you?

A They said they were in the middle of a negotiation trying to settle all the disputes between the various entities.

Q And when did they tell you this?

A Approximately March 27th, 1973.

Q Where?

A In Nassau, Bahamas.

Q Where?

A At the Commonwealth Bank.

Q And who was present?

A I can not recall who was present.

Q Whom do you recall being present?

A I can remember Mr. Vesco being present, Mr. LaBlanc.

MR. TAYLOR: Were there any attornies there?

THE WITNESS: Yes, there was attornies there, but I can not specifically recall which ones, Bob.

Q Was there anyone there with you?

A No one there with me.

Q Do you recall any of the attornies who were present?

A Not really.

Q Where was the meeting held, in Bahamas Commonwealth Bank?

A On the second floor in the conference room.

Q And was Mr. Graze there?

A Mr. Graze could have been there?

Q Mr. Straub?

A I can not recall Him.

Q What else did Mr. Vesco and Mr. LaBlanc say?

A They just said they were trying to settle their suits and it would be very helpful if I would

come along and go ahead and rescind my transactions on Vencap if they could settle it; would I be willing to go along with them.

I said I could not talk for my other stockholders, but as far as I was concerned if their could be any settlemnt reached I would be more than happy and go along and help them settle it.

Q Did they say with whom they were having these discussions?

A I believe it was your Division.

Q My --

A Or indicated the Securities and Exchange Commission, you know.

Q They said they were having discussions with the SEC?

A As far as I am concerned that is the way I remember it, Bob.

Q Did they say they were having discussions with anyone else?

A No.

Q The --

A They could have, but that is the way -- you know --

Q The last paragraph states in part, quote,

I therefore offer on behalf of myself and other Vencap Limited stockholders --

A Right.

Q -- to sell these shares of Vencap Limited to Global Holdings Limited at the original cost.

A Yes.

Q To this end I have deposited all of the Vencap shares in the Bahamas Commonwealth Bank, Limited, where they will be available for transfer in the event of a successful conclusion of your settlemnt discussions, close quote.

A No, I could not deliver -- that was just my shares that I delivered because I did not have my other fellow stockholder partners' authorization to deliver the shares at that time.

Q Well, whose shares did you deliver?

A Just my own.

Q How many such shares?

A I believe 1,990 some odd shares or whatever it was.

Q The reference to original cost represents what amount of money?

A I believe -- well, I had a hundred some odd thousand dollars in at that time, Bob.

Q That was your original cost?

THE WITNESS: What was my original cost?

I forget.

MR. TAYLOR: I do not know.

Do you mean par value or cost in the sense of what you put in the company?

A I had a hundred some odd thousand dollars that I had put in the company.

Q As far as of March 27th, 1973?

A Yes, I believe I did, Bob.

MR. KUSHNER: Off the record.

(Discussion off the record.)

BY MR. KUSHNER:

Q When you refer to over a hundred thousand dollars, are you referring to the San Cristobal finders fee that was placed in Vencap?

A That is correct.

Q Aside from that fee, which you did withdraw, I take it, after Marchof 1973 --

A over a period of time I paid personal things out of that $100,000 Bob.

Q Aside from that amount, what was the amount of the original cost referred to in Exhibit 2?

A Bob, I think --

MR. TAYLOR: Par value?

A Par value I think we have gotten the previous testimony and I can not remember here today.

Q Is that a dollar a share?

A I do not know.

MR. TAYLOR: Probably.

A Probably.

Q Now, with whom at the Bahamas Commonwealth Bank did you deposit the shares?

A Some girl downstairs who gave me a receipt for it.

Q What is her name?

A I haven't the slightest idea, Bob.

Q Do you have that receipt?

THE WITNESS: Do we have that receipt?

MR. TAYLOR: Sure, we have a copy of it.

A Yes.

Q Will you please furnish me with a copy of that?

A Yes.

Q Now, how long --

MR. TAYLOR: Off the record for a

(Discussion off the record.)

MR. KUSHNER: Back on the record.

Q Mr. Pistell, who drafted this letter which is Exhibit 2?

A Basically I had no attornies there. The letter was drafted by a secretary at the bank.

Q You mean a secretary sat down and composed it for you?

A At the instructions of --

MR. TAYLOR: Their attornies.

A Their attornies, yes.

Q Who is their attornies?

A The attornies who were at the bank at the time.

Q Who were they?

A Bob, I can not recall who they were.

Q Were they New York -- New York attornies?

A I think they were New York attornies or Bahamian. I can not tell you which --

MR. TAYLOR: Do you remember any of the Paul Weiss people being there?

THE WITNESS: No.

Q Who invited you to this meeting?

A Mr. -- I think LaBlanc as far as I can recall.

Q How?

A By telephone.

Q When?

A Probably on the morning of the 27th.

Q What did he say to you?

A He just said we would like to have you come down to a meeting, maybe you can be of some help to us on something.

Q You went down and found Mr. LaBlanc and Mr. Vescoand that is all you can recall, is that correct, as to who was present?

A Well, there were a lot of people down there, lawyers, attornies.

Q How many people were at this meeting?

A My God, in and out of the room there may have been twenty people.

Q In and out of the conference room?

A Yes, there is a whole bunch of conference rooms.

Q Didn't anyone sit down?

A I sat down with LaBlanc, and Vesco was there, I believe Stanley Graze was there.

Q Everyone else was in and out?

A Everyone else was in and out.

Q Did you know what Global Holdings, Limited, was?

A No.

Q Did anyone explain it to you?

A No.

I just thought it was an effort to try and solve everyone's problems.

Q You accepted it, did you not, that if necessary as part of a settlement you would put back your shares of Vencap at the original cost?

A My understanding was, Bob, that if I could possibly help every one solve all the problems that had arisen, I would be more than happy to be willing to do it at the time, yes.

Q WEre you receivng anything in return?

A Not a thing.

Q Is there anything else that you can recall that Mr. Vesco said at that meeting?

A Not sepcifically. It was more LaBlanc that I talked with.

Q Vesco did not say anything?

A I am sure he said something, but I can not recall what he said.

He just said we are trying to settle this

whole mess here.

Q How long did the meting take?

A My part of the meeting took at least 30 minutes.

Q And then you left?

A And then I left.

Q Who spoke during this 30 minutes?

A No one really. It was just -- they said they were trying to make a settlement and would I be willing to go along and help them out if they were trying to make a settlement.

Q Did they discuss the nature of the settlement?

A Not with me, except the nature of the settlement was with trying to settle their differences with the Securities and Exchange Commssion.

Q Is that what they said?

A That is what the inference was to me.

Q Well, is that what they said?

A That is what they said.

Q That they were trying to settle their differences with the SEC?

A Right.

Q And you left this meeting and some days later you sent Exhibit 3 for identification?

A I tried to get David and I tried to get Charley.

In the meantime I got them on the phone and they said there was no way you can do that legally and I dictated this letter myself --

MR. TAYLOR: Actually it was dictated by one of my partners.

Q Dave is Dave Taylor and Charley is Charley Murphy?

A Right. And it was done at my home at Lyford Cay and mailed to LaBlanc, but I had to get approval of my other fellow stockholders' accession.

Q This is Exhibit 3?

A Yes.

Q Did you get approval?

A I never had a chance to get approval because I got another letter back a day or so later from LaBlanc saying that there had been no agreement reached and they were returning the shares to Carson, Lawson.

Q That is the letter you can not locate; is that it?

A Right.

Q Your recollection is that it was received by you arround April 3rd or 4th?

A It was right after this. Let me say I would imagine, Bob, three or four days.

I am sure there is a copy of that letter in the bank somewhere.

Q What bank?

A I would say the Commonwealth Bank.

MR. KUSHNER: Why don't we break for lunch.

THE WITNESS: Sure.

(Whereupon, at 1:06 o'clock p.m., the hearing was recessed for lunch, as above-specified, to be resumed at 2:15 o'clock p.m.)

attorney so that when you are unavailable he can sign in your absence?

A That is correct.

MR. TAYLOR: Or pursuant to your instructions.

A Pursuant to my instructions, right.

Q Mr. Murphy has a similar power of attorney?

A Mr. Murphy has a similar power of attorney.

Q All right. *** 1803A

While we are waiting for Mr. Taylor, let me ask you whether you have received a copy of Marvin Jacob's letter to you dated March 22nd, 1974?

I am showing you a copy now. It has a copy of the court's injunction of November 1973 attached to it.

A Yes, I have received that. Mr. Glavin received it for me and I was away during this time and I have seen it.

Q Do you recall when you first saw it?

A No, I don't, Bob. It is when I returned from my trip.

Q Looking at your itinerary, does that help you as to when you returned from your trip?

A What date is that, Bob?

Q The letter is dated March 22nd, 1974.

A March 22nd?

Q Yes.

A I was in New York March 21st to 27th.

THE WITNESS: Was it delivered to the office?

MR. TAYLOR: Yes.

A Yes, I probably received that theday he got it or the day after.

Q He referring to who?

A Mr. Glavin.

Q What I am going to do instead of marking it, is to read it into the record, the preliminary injunction attached to the letter is one filed November 8th, 1973, in the United States District Court, Southern District of New York.

The letter reads, Dear Mr. Pistell, enclosed is a copy of an injunction filed on November 8th, 1973, in the United States District Court for the Southern District of New York.

We wish to inform you, if you have not already been so informed, that from October 1972 onward, all monies, placed by I.I.T., and International Investment Trust, or by I.I.T. Management Company S.A. on behalf

of I.I.T., in Vencap Limited, fall within the terms of this injunction and their transfer or disposition is enjoined.

We trust and expect that these monies, as well as any assets acquired with these monies before you received notice of the court's injunction, are being kept in tact, since you will be held responsible for them.

You are further advised that transfer or disposition of these monies, as well as any assets acquired with these monies before you receive notice of the court's injunction, may constitute a contempt of the court's injunction, signed by Marvin Jacob.

Did you find that power of attorney Mr. Taylor?

MR. TAYLOR: No, I have not, but I will supply it.

MR. KUSHNER: All right.

MR. TAYLOR: Can we go off the record for a moment?

MR. KUSHNER: Sure.

Off the record.

(Discussion off the record.)

MR. TAYLOR: As Mr. Glavin has previously advised you, we do not agree and we have not--

we have advised our client we do not agree with this position that he is subject to this injunction.

We have every intention of assisting and co-operating in your investigation, but the fact that we are co-operating or assisting does not mean that we agree with your interpretation if we in fact respectfully disagree and it is our legal advise and opinion to our client that he is not subject to the injunction, that -- and I think that you should be advised as you have been previously advised by Mr. Glavin on behalf of our client that that is our position.

MR. KUSHNER: Let me go --

THE WITNESS: May I go back on the record in the meantime, if I may , Bob?

MR. KUSHNER: Yes.

THE WITNESS: I have instructed both Mr. Glavin and Mr. Taylor in any aspects of any records, transactions, done in behalf of Vencap, Intertel -- Intertel -- excuse me -- Intervent, Intercapital, are fully available to you, the Securities and Exchange

Commission, and anything we do at any time is fully available to you and to co-operate with you fully and completely at all times.

BY MR. KUSHNER:

Q Referring to Exhibit 34 for identification, which starts out with a copy of a letter from Mr. Carson, C-a-r-s-o-n, to Mr. Taylor dated May 31st, 1974, there is a copy of a share register for Vencap Limited which consists of the last two pages.

A Yes sir.

Q There is a notation for Richard C. Pistell number of certificate is number 6 and it records number of shares, 1995 and amount paid or agreed to be paid on each share one dollar and date of entry is July 31st, 1972.

A Yes.

Q By my calculations that would mean that you were to pay $1995 to Vencap.

A That is correct.

Q You did?

A In my recollection, we paid more, but maybe this is what --

MR. TAYLOR: You put that fee in.

THE WITNESS: I have got you. Right.

A Right you are, Mr. Kushner.

Q There is also a notation for certificate number 8, Walter Blackman, number of shares 2,000, paid or agreed to be paid on each share one dollar, date of entry is May 21st, 1973.

Did Mr. Blackman pay $2,000 for his shares?

A He paid the amount, yes.

MR. TAYLOR: He paid that or he paid to Mr. deRiencourt.

A Or he paid it to Mr. deRiencourt.

Q Do you know whether he made Mr. -- spell it.

A d-e-R-i-e-n-c-o-u-r-t, deRiencourt.

I believe he did -- yes, he did pay.

MR. TAYLOR: He did not necessarily pay the same amount.

There is testimony to this completely before.

MR. KUSHNER: You are referring to trial testimony?

MR. TAYLOR: Right.

THE WITNESS: I don't know.

(Continued on the next page.)

Q So that Mr. Blackman didn't pay Vencap that amount?

MR. TAYLOR: Either paid Vencap, if there were new shares, he paid Vencap or he might have paid Mr. DeRiencourt. We can give you a statement on this. It is just a matter of checking the records.

MR. KUSHNER: Would you please?

MR. TAYLOR: Yes.

Q From the records produced yesterday and today, Mr. Pistell, are you able to point to any records which show the amount of your present investment in Vencap?

A My present investment in Vencap would be -- your net investment is about two thousand dollars. About two thousand dollars net.

Q Are you able to point to any records which show Mr. Blackman's present investment in Vencap?

A I can point to that but I would rather to check the records to see if he paid Mr. DeRiencourt or whether he paid directly or whether the shares were bought back by the company and reissued, if I may check that.

MR. TAYLOR: Can we go off the record for just one moment?

MR. KUSHNER: Sure. Off the record.

(Discussion off the record.)

MR. TAYLOR: We have previously supplied for the record at the time of Mr. Pistell's prior testimony, agreement of sale, dated January 17th, 1973 between Mr. Amory DeRiencourt and Mr. Pistell and a release bearing the same date in which Mr. Pistell reacquired the shares or two thousand shares of Vencap, Ltd. from Mr. DeRiencourt.

MR. KUSHNER: Are you referring to Exhibits 272 and 273?

THE WITNESS: Yes, they are, Bob.

Q Does your signature appear on these two exhibits, Mr. Pistell?

A Yes, it does.

Q Can you identify the other signature?

A Yes, I can, it says Amory DeRiencourt.

Q When did you execute these documents?

A January 17th, 1973.

Q And on Exhibit 272, recites that you paid Mr. DeRiencourt seven thousand dollars, as follows, a check in the amount of two thousand dollars?

A Right.

Q Do you have such a check that you gave him?

A Yes, we do.

MR. TAYLOR: Or a copy of it.

A Or a copy of it.

Q And a promissory note in the principal amount of five thousand dollars, due January 31, 1974 bearing six percent interest per annum, did you give such a note?

A Yes, I did, sir.

Q And did you pay it when it fell due?

A I believe I did.

MR. TAYLOR: No.

A No?

MR. TAYLOR: Not yet.

A It isn't due yet.

MR. TAYLOR: It is. It hasn't been paid.

THE WITNESS: Why?

MR. TAYLOR: Not to my knowledge, unless you paid it.

THE WITNESS: I will check.

Q Now, you received the -- Mr. DeRiencourt's stock from him?

A Yes, sir.

Q What did you do with it?

A We resold that, I believe, to Mr. Walter

Blackman.

Q You sold it to Mr. Blackman.

MR. TAYLOR: Either it was resold or issued by the company initially, depending upon the exchange control approval.

A I will have to find out the record on that, Bob, and supply that to you.

Q You don't know how much Mr. Blackman paid?

MR. TAYLOR: It would have paid --

A He would have paid the face amount or more.

MR. TAYLOR: He will have paid more.

Q Will you furnish me with the documentation on that?

A Sure will. We will find out for you.

Q Is there any shareholders agreement between you and Mr. Blackman?

A Yes, there is.

Q Do I have a copy of that?

MR. TAYLOR: No.

A No, you don't.

Q Would you please furnish me with that?

A Yes.

Q Would that shareholders agreement also cover Intercapital?

A Yes, it would.

Q Would it cover Chibex -- not Chibex -- but Conservative Capital?

A Yes, it would.

Q I would like, if it is more than one agreement --

A You can have them all, Bob.

Q -- whatever agreements are involved?

A Right.

Q Are there any oral understandings between you and Mr. Blackman not reduced to writing?

A No, sir, there are not.Q Does Mr. Blackman travel around a lot on Vencap's business?

A Mostly in the Carribean area or Nassau. Really, in Nassau, Bob. He is not that much of a traveller. He has been up to the mining offices in Canada, et cetera, you know.

Q I see a notation on Exhibit 38 next to May 19, 1973 New York City, Blackman, does that indicate he was in New York or that you telephoned him?

A I cannot tell you from that, but he comes in and out of New York once in a while, though, Bob.

Q On Vencap's business?

A Yes, for conferences, to meet people, intro-

yes, Saturday for Toronto and I returned on Sunday. And that's it. I will have to check on the names as best as I can and furnish you that.

Q That would be appreciated.

A Sure. ***

1814A

Q. Mr. Pistell, you gave some testimony at the trial about Exhibit 278 which is a memorandum on the letterhead of Vencap, Ltd, addressed to Mr. Stanley Graze, G-r-a-z-e, r-e potential -- private placement of preferential shares of Vencap, Ltd and so on.

Do you know who prepared this memorandum?

A I believe Mr. Charles Murphy prepared this memorandum.

Q Did you ask him to prepare it?

A I asked a lawyer of the law firm to prepare it and I think Mr. Murphy prepared it.

Q For what purpose was it prepared?

A Basically at this time, I believe, we were looking at the whole airline deal, weren't we at this time -- right, we were looking at the -- we were looking at taking the whole line deal, Outer Island Airways at this time.

Q Can you date that?

A It is the fall of 1972, I believe; I would

say October, November of 1972.

Q Was it before Vencap received the three million dollars?

THE WITNESS: Was it, David?

MR. TAYLOR: No, it was after?

A This is after, right.

Q May I see it please?

A Sure.

Q You testified that it was mailed to Mr. Graze, but you didn't see by whom. Do you know by whom?

A No, I don't, Bob.

Q Was it you?

A I would imagine it would have been the law firm. Well, youknow, it was mailed in my behalf, Bob. Mr. Murphy wrote the letter.

Q Do you recall asking anyone at Havens, Wandless to mail it to Mr. Graze?

A He was the one that I was talking to about the airline deal at the time.

Q Mr. Murphy?

A Yes.

Q Do you recall whether you asked him to send it to Mr. Graze?

A I must have instructed him to send it to Mr.

Graze, yes.

MR. TAYLOR: Bob, I think there is -- this was fully explored in the prior testimony.

MR. KUSHNER: I recall I reread Mr. Pistell's testimony, I am just asking what he didn't testify to.

MR. TAYLOR: Right.

Q Now, referring to page 3 of that memorandum, Exhibit 278, it states in part the company which is Vencap, proposes to offer on a very limited basis an aggregate initially of three million dollars in preferred shares.

The capital realized from such offering is what is herein referred to as the preferential capital investment.

A Correct.

Q Does that refresh your memory as to whether this memorandum was submitted prior to the three million dollar placement?

A It probably was.

Q Did Mr. Graze tell you he wanted such a memorandum?

A Bob, I can't recall that really, because I was going to do this one way or another, with or without

Mr. Graze.

Q You mean whether or not you were able to get the money through Mr. Graze?

A Right.

Q Did he ever discuss this memorandum with you?

A I am sure he did, but I can't remember any specifics, you know, probably more lawyer to lawyer than me to Mr. Glaze.

Q Now, is it correct to say that you negotiated the three million dollar placement with Mr. Glaze?

A That is correct.

Q Was it also with Mr. Meisner?

A Never.

Q Just with Mr. Glaze?

A That is correct.

Q Okay. Is it correct to say that you told Mr. Graze that you proposed to have Vencap invest in special situations?

A That is correct.

Q And that it would participate in risk capital situations.

A Risk capital, Venture Capital, loans, et cetera.

Q Did you tell him what markets you proposed to engage in?

A Not especially, no.

Q Did you tell him whether it would be Worldwide investment?

A I told him it would be worldwide investment, but, Bob, let me just tell you special situations most of the -- you find very few of them in the open market place.

Usually their start-up situations and turn-around situations. Sometimes you find them either in growth companies or in companies that have gone bad which turn around.

Q Is this something that you told Mr. Graze or something he knew or what?

A I think he knew of my past record on situations, yes.

Q And by past record, are you referring to any specific companies?

A I think we have testified to that before, Bob, if you will take a look at the testimony in the previous trial.

Capital City Television, American Tractor, things like that.

Q Now --

A Occidental Petroleum.

Q Aside from this possible investment in the

air carrier described in Exhibit 278, did you mention any other possible investments to Mr. Graze?

A Not at this time, no, I don't believe I did.

Q Prior to the placement of the three million dollars?

A We talked about Chibex, as you know, with Conservative Capital.

Q Yes, but with regard to Vencap --

A No, we didn't discuss specific investments --

MR. TAYLOR: Did you have any discussions about the insurance companies?

THE WITNESS: Yes, we did talk about that.

Q That is I.O.S. insurance holdings?

A Right.

Q It's subsidiary?

A Right. I told him -- as you know, I had been in the insurance business previously and he said there might be an opportunity coming up to go and buy their reinsurance companies, which we negotiated on for quite a few days, which came to a no end.

(Continued on the following page.)

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Q So aside from the insurance company which you were negotiating the purchase for IOS insurance holdings and this air carrier investment, did you mention any other possible investments to Mr. Graze that Vencap might engage in?

A We were also looking at the reinsurance business on our own at that time through Jim Rae and his clients in London.

Q Did you mention that to Mr. Graze?

A Yes, I think I did.

Q Do you recall what you told him?

A No, I just said we were looking at it as a possibility.

Q Did you mention any other possible investments by Vencap to Mr. Graze prior to the three million dollar placements?

A Not that I can recall specifically, Bob, no.

Q When is the last time you saw Mr. Meisner?

A The last time I saw Mr. Meisner was in Costa Rica two and a half -- two years ago roughly and that's -- I believe the -- I had met him once during the Paradise Island negotiations by the swimming pool. I met him in Costa Rica when he came down and went through the plant at LaLucia, evidently he had been in the home building

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business before in Mexico and was more or less an expert in the market of prefabricated building and housing and that's the first and last time I have seen or met him.

Q This was in 1972?

A Yes.

Q Now, you gave some testimony at the trial that at one time you advised Mr. Graze when the Dugans had been around the 1040 level to sell out all --

A Over a thousand, whatever it was.

Q All the securities?

A Ten 20, 1040, yes.

Q Do you recall what time that was?

A I would say it was in the third quarter of 1971.

Q Did he tell you what if anything he had proposed to do?

A I think he was of the same opinion, Bob, that I was, that it was pretty well near the top of the market, and I think he indicated to me later on that he had liquidated a great deal of securities into cash.

Q Do you recall when he told you that?

A No, I think it was on one of my visits to London when I saw him.

Q In what year?

A I'd say '73.

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Q I believe your passport indicates that you were in London in September of '72. It's been marked as Exhibit 20 for identification.

A Yes.

Q If you would like to look and I am referring to pages 17 -- two and 13.

A 17?

Q Yes, 17 -- two.

A Yes, Right.

Q Do you recall if you saw Mr. Graze in London then?

A I can't recall but I could have easily have done so.

Q Do you recall whether Mr. Graze discussed with you in September 1972 what his plans were with regard to the funds portfolio securities?

A We always talked over, Bob, the economics together and markets together and money markets together, and I consider Mr. Graze a very good economist and a very good money market man.

Q Do you recall whether he told in September '72 that he believed that it's a proper time to sell out the blue chip securities?

A Mr. Graze I believe was of the opinion at the end

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of 1972 it was the top of the market.

Q Do you recall when he told you this in September of 1972?

A I can't recall the specific -- you know, the exact date, Bob.

Q Now, yesterday you testified that Vencap through Mr. Murphy and perhaps one other person, I don't recall the name, sold its outworld airline securities?

A Outer Island.

Q Out --

A Outer Island.

Q Outer Island?

A Right.

Q Airline securities?

A Right.

Q To the Bahamas government?

A That's correct.

Q Was there any particular reason that the sale had to be through Mr. Murphy?

A Yes, there was. The government indicated to Mr. Murphy that they didn't want a direct purchase from Vencap because of the cloud that was over the IOS situation.

Q Did Mr. Murphy set up a company to make the

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purchase?

A No, I believe he just bought the shares in his name and Mr. Hackley's name and turned them over to the government, at the same price that we received for it.

Q You testified at the trial that in May 1972 the 707 log showed you travelled to London with Vesco. Do you recall that?

A Yes I recall that.

Q Then you went from there to Lebanon, I believe?

A That's correct.

Q And you returned to London?

A That's correct.

Q Do you recall whether or not you went to Australia on that occasion?

A We didn't go to Australia, no.

Q Who is we?

A Mr. Vesco and I as I can remember.

Q Do you recall?

A I do recall Bob.

Q And you recall that you were together with him during that entire trip?

A That's correct. Yes.

Q And let me simplify some matters by referring to some pages of testimony.

a phone also?

A I have the use of the switchboard, yes.

Q I see. You route your calls through the switchboard?

A Right.

Q Do you get billed for that, do you know?

A Yes we do and we get billed on a daily basis for secretarial use.

Q Is we Vencap?

A That's correct and if it's a Chibex call they get billed as Chibex. 1825A

* * *

Q Now, referring to the agreeements between Vencap and IIT which were marked at the trial before Judge Stewart, which is Exhibit 262, do you know who drafted that agreeement?

A No, Bob, I don't know.

Q Do you know when you first saw it?

A May I go off the record for a minute?

MR. KUSHNER: Sure. Off the record.

(Discussion off the record.)

A I believe it was prepared by Will Kefar. I signed it in Nassau but I was not at the closing in Nassau and never met Mr. Meisner during that period in Nassau.

Q Would it be fair to say that after reaching

some broad outlines of an agreement or proposal with Mr. Graze that you left it to your attorneys to see that the agreement was -- the written terms were --

A Agreeable to all parties.

Q Put down with Wilkie, Farr?

A Exactly.

Q And probably Mr. Taylor or this is better for you to answer, but I think you said off the record, correct me if I am wrong, that the agreement was drafted by Wilkie, Farr in Nassau and --

MR. TAYLOR: We reviewed it and we requested certain changes, particularly in the provisions as I recall relating to the preferred shares. There were conversations with Carson, Lawson and -- in New York we exchanged drafts and finally arrived at this -- this agreement together with the provisions -- this has to be read together of course with rather complicated provisions relating to preferred shares etc.

MR. KUSHNER: Relating to what?

MR. TAYLOR: Preferred shares.

MR. KUSHNER: Are there any other writings relating to the preferred shares other than the share itself?

MR. TAYLOR: Well, you have -- this doesn't have -- seem to have exhibits but there were exhibits. Your copy doesn't have exhibits?

MR. KUSHNER: What exhibits?

MR. TAYLOR: Well, they are referred to in here. Exhibit A.

MR. KUSHNER: Oh, yes.

MR. TAYLOR: Exhibit A. Exhibit B, these were -- these terms --

MR. KUSHNER: Those are also marked as Exhibits before Judge Stewart.

MR. TAYLOR: Right they are probably separate.

MR. KUSHNER: Yes.

MR. TAYLOR: Those were the real sort of clash or exchange came about.

MR. KUSHNER: They were also negotiated I take it with Wilkie, Farr?

MR. TAYLOR: Absolutely.

MR. KUSHNER: I don't believe I have gotten any exchanges you had with Wilkie Farr on that. Do you have any written exchanges?

MR. TAYLOR: I would have to check my files.

MR. KUSHNER: Could you furnish them to me, if you have them?

MR. TAYLOR: Yes.

MR. KUSHNER: Let's take a five minute recess at this time.

(Recess taken at 3:22 p.m.)

(Continued on next page.)

(Whereupon, at 3:35 p.m., the deposition continued.)

MR. KUSHNER: Mr. Taylor, do you want to identify then for the record, Mr. Taylor, the folders of material that you have produced this morning and which have been marked Exhibits 41, 42, 43--44 and 45 for identification?

MR. TAYLOR: Well, 42 is a folder in which-- a folder containing records of the company as follows:

Current checkbook of Vencap, Limited, for the Bank of Commerce, New York.

The current check for the Bank of Nova Scotia, Nassau Branch.

Off the record.

(Discussion off the record.)

MR. TAYLOR: A record of bank checks for the Bank of Commerce from January 1973 to February 1974, checks numbered 101 through 250, inclusive.

A folder marked Bank of Novia Scotia, Nassau Branch, Vencap account in which are included bank statements, cancelled checks, a folder identified Bank of Novia Scotia, Nassau, Call Account, in which there are copies of bank

ledgers and memo and debit advices and authorization letters.

A folder marked Vencap inactive, certificates of deposit, Chase Manhattan Bank in which there are bank statements, memo and debit advices, instructions and bank authorizations for Vencap as well as Intercapital.

A folder marked Mello Bank in which there are bank statements and advices, relating to Intercapital.

A folder marked Bank of Commerce, Sangin Incorporated account, in which there are--in which there is one bank statement relating to new account, and authorizations.

A folder marked Bahamas Commonwealth Bank, Limited, Inactive, in which there are included bank--checkbooks, memos and debit advices, bank statements.

Two checkbooks marked Inactive with records of checks and unissued checks for the Bahamas Commonwealth Bank.

Off the record.

(Discussion off the record.)

MR. TAYLOR: Plaintiff's Exhibit 41 is a

fan folder in which there are a number of separate folders identified as follows--in which there are purchase and sale confirmations for securities transactions by Vencap, identified as follows:

Rosenthal & Company. Schweickart & Co., and St. Lawrence Securities, Ltd., of Toronto.

Off the record.

(Disuussion off the record.)

MR. TAYLOR: Plaintiff's Exhibit 44, current checkbook for Intercapital NV for the Bank of Commerce, New York.

Intercapital general ledger and Intercapital cash receipts and disbursements.

In addition there are bank statements and cancelled checks, m emo and debit advices, an old--two old or initial checkbooks for--with check stubssfor the same bank.

Now we go to Plaintiff's Exhibit 45 for identification.

Current checkbook for Intervent Bank, for the Bank of Commerce,

Intervent general ledger and attachments;

Intervent cash receipts,

Intervent cash disbursements, bank statements, cancelled checks and invoice from Mr. Samson, and authorizations.

Also included in Exhibit 41 is a folder marked Bank of Commerce, account Vencap Limited, which has bank statements, cancelled checks, memo and debit advices and a check-- initial checkbook with stubs--I'm sorry, this was not Exhibit 41, it is Exhibit 42.

Now in the prior or in those bank folders I may have omitted to refer to the deposit slips and authorizations but they are included.

MR. KUSHNER: Does that complete it?

MR. TAYLOR: I believe so.

MR. KUSHNER: Off the record.

(Discussion off the record.)

MR. KUSHNER: Mr. Taylor, I am returning as you requested the originals of Exhibits 29 through 32 for identification, 33 for identification, 35 for identification and there was one other exhibit which I don't recall the number--

MR. TAYLOR: We you relating to Intervent, the minute book which I have back?

MR. KUSHNER: You have that back?

MR. TAYLOR: Yes.

MR. KUSHNER: Do you recall which exhibit number that was?

MR. LANZOTTI: 36.

MR. KUSHNER: 36.

MR. LANZOTTI: Yes.

MR. KUSHNER: Would you please retain those safely?

MR. TAYLOR: Yes.

You are giving them to me now?

MR. KUSHNER: Yes. I just gave them to you, didn't I?

MR. TAYLOR: No. Aren't they right there?

MR. KUSHNER: Oh, yes, with the exception of Plaintiff's 35 for identification, I have returned all the others I have just numbered to you.

MR.TAYLOR: I have received 29, 29A, 30, 31, 32, and 33.

MR. KUSHNER: And you also have the Intervent minute book, you say?

MR. TAYLOR: Right.

1834A

6w Pistella

MR. KUSHNER: I don't know the number of that. Have we made copies of that?

MR. LANZOTTI: Yes.

MR. KUSHNER: Exhibit 35 which is the general journal and general ledger for Ventcap, I am going to use for questions now but I will return it to you--as a matter of fact, I will hand it to you, Mr. Pistell can refer to that in the questions that I am going to ask.

THE WITNESS: Right.

MR. KUSHNER: In addition, Mr. Taylor as soon as we can Xerox them, we will return to you the originals of Exhibits 44 for identification, 43 for identification.

MR. TAYLOR: And the ones she has taken to be Xerox.

MR. KUSHNER: What are theothers?

MR. TAYLOR: 42 and 43.

MR. LANZOTTI: 41.

MR. TAYLOR: 41, 42 and 43, you have.

MR. KUSHNER: It is 41 for identification, 42 for iden tification, 44 and 45 for iden tification and will you also retain those safely?

MR. TAYLOR: Yes.

BY MR. KUSHNER:

Q If you will examine the accounting records for Ventcap which have beenmarked Exhibit 35?

A Right.

Q You will see that in the cash disbursements section there is an entry for October 9, 1972 for a disbursement A. S. Malour.

A Right.

Q M-a-l --

A -- o-u-f.

Q O-u-f?

A Right.

Q In the amount of five thousand dollars. What was that for?

A Bob, if you will take the record and look at the Tangamanga funds that are represented as an investment for Tangamange, those funds were put in the M. S. Malouf account -- trust account -- before they were forwarded for the Tangamange deal.

Now the total amount of the investment I believe was approximately $19,000, except for--what ever it is, wherever you see S. F. Malouf account you will see that that will be the Tangamange investment underneath.

Q So that the money didn't go to Dr. Malous at all?

A No, they were expended for exploration.

Q Now there is a cash disbursement for November 20, 1972 to Interstate Helicopter of a hundred dollars.

What was that for?

MR. TAYLOR: One moment. November what?

MR. KUSHER: November 20.

A I believe that is when I hired a helicopter service to go look at a deal and paid the helicopter company.

Q Do you recall where the deal was?

A I believe it was on the border of Pennsyovania and New Jersey, but I will have to check that.

Q What did that deal involve?

A I will have to check the records on that, Bob.

1836A

* * *

Q Are those records you referred to among the records you have given us?

A I don't know. We have a list, Bob, of approximately a hundred thousand dollars that I put in Vencap when it started where I took those funds out of Vencap I had no personal checking account at that time in the United States becuase I hd a tax lient against me on everything, and I used the Vencap account for my

personal checkbook up to the point of a hundred thousand dollars which the accountants had broken down.

Q Is what you just said relevant to the hundred dollars amount paid to Interstate Helicopter?

A No, that would be a business item.

Q You see where it says, R.C.P.O. over here on the ledgers?

Those are where the accountants have personally charged me--you see the R.C.P. account over here?

MR. LANZOTTI: Advance R.C.P.

THE WITNESS: Yes; those would be a personal charge, --

MR. KUSHNER: I see.

THE WITNESS: -- against me. You see?

MR. KUSHNER: I see.

MR. LANZOTTI: Interstate Helicopter was charged to air travel.

THE WITNESS: Right. I went to look at a deal.

BY MR. KUSHNER:

Q On that same page there are bills--not bills--amounts paid to the Metropolitan Club--

A Right.

Q -- of a hundred on--what date?

MR. LANZOTTI: 9/11.

Q November 11, 1972, again $239.66 on--

MR. LANZOTTI: November, 1972, no date.

Q Well, sometime in November 1972?

A Those charges Bob-- Bob, those are charges that would be against business lunches, business meetings for people that are in town. I meet people there a great deal.

Do you follow me?

Q That was Vencap business.

A That would be Vencap business if it was charged to Vencap.

Q The Metropolitan Club being--

A A luncheon club, you know.

Q In New York City?

A Yes. One East 60th Street.

Q There is an item on that same page for the Sleepy Hollow--

A (Interposing) Country Club.

Q -- Country Club--two items of what month?

MR. LANZOTTI: That is October.

Q October 16 for $343.20 and $861.73.

What are these for?

A Where are we at?

MR. TAYLOR: I can't find them either.

MR. KUSHNER: It is that same page.

M R. TAYLOR: Here.

MR. KUSHNER: And--

MR. LANZOTTI: Under the Hilton.

THE WITNESS: That would be probably entertainment, guests going up,we will check the items on that.

Q Is that Vencap business?

A That would be if anyone was up there on Vencap business, Vencap business.

Q Where is the Sleepy Hollow Club?

A It is right outside of Tarrytown, New York.

MR. LANZOTTI: I think it is the Briarcliff Manor.

THE WITNESS: Tarrytown.

BY MR. KUSHNER:

Q Those amounts weren't charged to you personally, were they?

A I don't know-- No, those were not. In some instances theywere, in some instances they were not.

not.

Q The Sleepy Hollow Club items are not?

A At that stage, no.

Q Do you have any indication at a latter stage they were?

A They may or may not have been, but we have a sheet, Bob, where all my personal things were charged to me to that amount.

Do you follow me?

Q Is that sheet one that you have provided to us?

A I don't know if we have or we have not.

MR. KUSHNER: Mr. Taylor, do you know offhand if you have furnished us a copy of that sheet?

MR. TAYLOR: I don't know and I don't think it is within--I don't think it is within this list.

MR. KUSHNER: Well, would you please furnish us a copy?

THE WITNESS: Yes. Sure.

BY MR. KUSHNER:

Q In the case disbursements section there is a disbursement for November 21, 1972 to James Rae for

$2500. What is that for?

A I would say that has to do with that Shell Corporation that Leland Rosemberg and I remember setting up at that time, Bob.

Q Didn't Mr. Rae get paid by Mr. Cerney for what he had done?

A I don't know.

MR. TAYLOR: I could say as I indicated on the record before Mr. Rae had told me that he had organized that, set up that corporation and he just turned everything over to Mr. Cerney, you know, blank minute book, et cetera, so I would assume that he probably was paying the cost in Panama, the attorney down there and organization fees, that would be my--that would have been my understanding from what he said.

MR. KUSHNER: Do you have a supporting invoice from Mr. Rae for that item??

THE WITNESS: I would imagine we would.

MR. TAYLOR: We will check that.

THE WITNESS: We will check that for you, Bob.

BY MR. KUSHNER:

Q The next item is to Havens, Wandless for November

10, 1972 in the amount of $25,000.

Is that for th e firm's legal fees?

A Yes, I would say it would be.

Q The next item is November 27, 1972, a disbursement of $15,000 to F.T.D. & W. What is that?

MR. TAYLOR: Where is that?

MR. KUSHNER: November 27, 1972, a disbursement.

THE WITNESS: F.T.D. & W.

MR. LANZOTTI: I think it is your accountants but I am not sure.

THE WITNESS: It may be.

MR. TAYLOR: F.T.K. & W. would be Field, Tiger & Krell--

MR. LANZOTTI: I am just speculating. You tell us what is it for?

THE WITNESS: I would imagine it would be but it is charged to me.

BY MR. KUSHNER:

Q Is it charged to you?

A Yes, personally. I will have to check that one myself.

Q For December 3, 1972 there are disbursements as follows:

To Lyford, Kay Co., for $11,000.

A Right.

Q What was that?

A That would be on construction--that would be improvements on the house, Bob.

Q Your house?

A Yes.

Q Your residence?

A Right.

MR. TAYLOR: Can you identify that date?

THE WITNESS: That is Lyford, Kaye Construction Company.

MR. KUSHNER: December 3.

THE WITNESS: Is it charged to me?

MR. LANZOTTI: Line 12.

MR. TAYLOR: I see.

MR. LANZOTTI: Line 12.

MR. TAYLOR: Yes.

THE WITNESS: Why is it charged to me? He has charged everything to me.

MR. LANZOTTI: You live in the house?

THE WITNESS: Well, there is the Sleepy Hollow bill and the contruction company.

Q There is an amount of $5,181.35 to M. M. Marks.

16w Pistell

What is that for?

A That is charged to me, too.

Q Do you know what it is for?

A M. M. Marks, I don't know.

MR. TAYLOR: It could be in connection with the house?

THE WITNESS: It would probably be in connection with the house. I don't know why the hell everything is charged to me.

Q Then here is an item of $5000 to House & Garden.

A That is the decorating firm down there and they charged that to me, too. I have gotten charged with everything.

Q Then there is an item of $2000 to Havens, Wandless.

MR. LANZOTTI: A thoursand and a thousand.

A A thousand to me and a thousand--

MR. LANZOTTI: No--a thousand.

THE WITNESS: To me.

MR. LANZOTTI: Right. And a thousand--

MR. KUSHNER: Is that for legal fees?

THE WITNESS: I would say it would be.

MR. TAYLOR: T&E is just giving you cash.

It would have been providing cash to you.

THE WITNESS: Why the hell would I get charged personally with a thousand?

MR. TAYLOR: I don't understand, one thousand is charged to you and the other thousand is charged to expense.

BY MR. KUSHNER:

Q Turning to December of 1972, the next page, there are disbursements of--entered on December 2, 1972 to the Sleepy Hollow Club for $520.64.

What was that for?

A Bob, I will have to check that. So the record is straight there is some charges in here that's charged to me that I don't see why that is charged to me and the days in the past my companies have paid all my club bills.

Do you follow me? Where I entertained people and dues, et cetera, and I will check on that.

Maybe some should be personally charged to me and maybe not.

Q Thenext item is the Metropolitan Club on December 4, 1972 for $963.

A Those are all entertainment and all

bills and the only time I use that club is for entertainment and for people and for questions, et cetera, pertaining to business.

Q Vencap business?

A Vencap business. I will check on each item for you.

Q Now, turning to March 1973, there is a disbursement on March 5 of a hundred eighty-one dollars tp Interstate Helicopters?

A Right.

Q What was that for?

A That would be for a trip somewheres to look at something.

Q You don't know where?

MR. TAYLOR: March what?

MR. KUSHNER: March 13, 1973.

MR. LANSOTTI: It is after March 5, it is on Line 6 I believe.

MR. TAYLOR: Oh, here. I see.

THE WITNESS: I will find out what that trip was for.

MR. KUSHNER: You will give us the invoice?

THE WITNESS: Yes; right.

BY MR. KUSHNER:

Q Do you know where Interstate Helicopter is based?

A Yes. It was based in New Jersey.

MR. LANZOTTI: Fairfield.

THE WITNESS: Over by Mr. Vesco's--I used it once, going on -- going over there to meet him, and I used it--I did not pay for that trip, but thereafter I think I made one to two trips looking at things or going places on the company I called, you know.

Q There is a disbursement--well, you will note the disbursements in March and April 1973 to the Metropolitan Club and to the Sleepy Hollow Club and with the disbursements to the Metropolitan Club for Venaap business?

A Yes, they were, Bob.

Q And how about the Sleepy Hollow Club?

A That would be--I would think mostly personal but I will go back and check that.

Q There is a disbursement to the New York Telephone Company. April 1973, for a hundred and ninety-three dollars and some cents.

A Right.

Q What was that for?

A That would be for telephone calls.

Q From where?

A From New York City. From my wife's apartment where I use the telephone while I am there and we reimburse her for our part of the bill.

Q Is that Vencap business?

A That would either be charged--some of the calls are Vencap, some are Chibex on them and we have a breakdown of the list of each telephone call.

In other words, it would be C or V on each list, do you follow me, or P for personal.

Q There is a disbursement for March 1973 to John Kingsley Heath for $7700?

A That is charged to me, I believe, if you will look over this.

MR. LANZOTTI: I can't read it.

THE WITNESS: Yes, that was a trip I had planned and because of business I could not make the trip and had to forfeit the money and I believe it is charged to my personal account.

MR. LANZOTTI: Is it, David?

MR. TAYLOR: I think so, but I can't find the item.

MR. LANZOTTI: It is Line 15 on that page, $7700.

MR. TAYLOR: It shows in the general--

MR. LANZOTTI: It shows an advance--

THE WITNESS: I know they charged it to me becuase I was irritated by Jerry.

MR. TAYLOR: You will find a cross reference to that item.

THE WITNESS: It was charged to me, Bob.

MR. LANZOTTI: Or it should have been charged to you.

THE WITNESS: No, it was. I am sure of that.

MR. TAYLOR: I remember Mr. Pistell objected.

BY MR. KUSHNER:

Q There is a disbursement fr April 1973 to Havens, Wandless for $51,813.58.

What was that for?

A Legal fees.

MR. TAYLOR: And disbursements?

THE WITNESS: And disbursements, phone calls.

Q That related to Vencap?

A Whatever part would be Vencap and whatever part would be Chibex would be broken down.

Q There is also a disbursement for April 1973 of five thousand dollars to Walter Blackman, what was that for?

MR. LANZOTTI: It is the next page, it is Line 5, I believe. Consulting fee is the legend I read.

MR. PISTELL: Right.

Those were disbursements against a deal.

MR. KUSHNER: Part--

MR. TAYLOR: There is a question whether that is part of the salary or whether it is part of--he had an expense account.

MR. KUSHNER: Is there an invoice for that?

MR. TAYLOR: That is what we will have to check; I don't know.

BY MR. KUSHNER:

Q Is there a written employment agreement with Mr. Blackman?

MR. TAYLOR: Yes, there is.

MR. KUSHNER: Do we have that? I don't

recall seeing it.

MR. TAYLOR: If -- I don't know if you do or not.

MR. LANZOTTI: I haven't seen it.

MR. KUSHNER: May we have it?

MR. TAYLOR: Sure.

MR. LANZOTTI: The record does say consulting fee, Mr. Taylor, is that correct?

MR. TAYLOR: Yes. I see that.

MR. KUSHNER: Right above that it em for Mr. Blackman there are disbursements to the Lyford Cay House and Garden--

THE WITNESS: Right.

MR. KUSHNER: -- for $13,251, and the Lyford Cay Construction Company for $10,109.

BY MR. KUSHN ER:

Q What are those for?

A Those would be for fixing the house up, Bob.

Q Those aren't charged to you personally, are they?

A No, but I would prob-bly pay the income tax on them as far as income is concerned, I was charged with them.

MR. TAYLOR: He is charged with it under the agreement.

THE WITNESS: You have the agreement.

MR. KUSHNER: I see, which has been marked as an exhibit?

THE WITNESS: Righ t.

MR. KUSHNER: He was charged for that as an advance.

THE WITNESS: No.

MR. TAYLOR: He was charged for that as income?

THE WITNESS: Asincome.

BY MR. KUSHNER:

Q Is that part of the $60,000 a year?

MR. TAYLOR: It is part of the compensation, -- the house.

MR. KUSHNER: Let me give you the exhibits and ask you if you can cite me the number.

MR. TAYLOR: I don't know. I have given it to you. I don't see it.

MR. KUSHNER: I may have given that back to you. Maybe you asked for that one. Why don't you look and see.

MR. TAYLOR: Yes, here it is.

MR. KUSHNER: What exhibit number is it?

MR. TAYLOR: 29A.

MR. KUSHNER: That refers to these two amounts.

MR. TAYLOR: That would cover these two amounts. Page 5.

THE WITNESS: Page 5, Bob.

MR. KUSHNER: Page 5.

THE WITNESS: Right.

MR. KUSHNER: Okay.

BY MR. KUSHNER:

Q Also for April 1973 there are disbursements for $2300 to Frank [illegible] Lichtenberg, $5000 to Tony Hill, H-i-l-l?

A Right.

Q And $10,000 to S. E. Malouf?

A Right.

Q What were those for?

A The first $2300, Bob, was a boat chartered to go down and look at various sites that we were going to set up with a Hertz-U-Drive-It System with boats in construction with Outer Island Airline which Vencap would have owned entirely where you would have flown in, we were going to buy or lease a group of boats and then bring them back for a week or a weekend, stopping at

various spots after we sold the airline we decided not to go in the business.

Q Who is Mr. Lichtenberg?

A He is a boat captain that I have known for many years and--he is a boat charter capyain.

Q You will note there is an entry consulting fee next to the amount paid him?

A Yes, he knows the island as well as anyone else and was getting to help manage a very large boatel-hotel arrangement on one of the islands down there, Acquaville or whatever they call it.

Q How about the item to Mr. Hill?

A Tony Hill paid us--we made a short-term loan to Tony Hill and he paid us back with ten percent interest so we should have a re-entry against that somewhere.

Q Who is Tony Hill?

A He is a young man in the Bahamas, Bob, that works with young children and East Teleford Key Club and he borrowed the money and paid it back within 60 days.

Q How about the item for Mr. Malouf?

A That would be the Tangamanga deal.

Q Do you have the invoices for that or

MR. TAYLOR: Nowritten agreement, but I do recall seeing invoices.

THE WITNESS: We can get invoices against all the moneys disbursed against that.

MR. TAYLOR: I have seen invoices.

THE WITNESS: We have invoices.

BY MR. KUSHNER: * * * 1855A

Q For May 1973 there is a disbursement to Ahnend Benhima of $36,582.12.

What is that?

MR. TAYLOR: Off the record a moment, please.

(Discussion off the record.)

A Bob, as we previously testified, at one time when he went out of the government he was going to become my partner in Vencap, et cetera, and when hewent back in the government he could not take that position and he had put up that much equity to become our partner in Vencap for his shares of the shares; is that correct?

MR. TAYLOR: I thought you agreed to purchase the shares.

THE WITNESS: Right.

So we returned his equity to him.

MR. TAYLOR: There is--incidentally I

noted in the stock transactions I noted that there is a little folder on--an envelope on--marked Benhima, on the Lincoln American under Schweickart.

MR. LANZOTTI: The Schweickart account?

MR. TAYLOR: Right.

MR. KUSHNER: Do we have that folder?

MR. LANZOTTI: No, we have given that back.

MR. KUSHNER: Let's see if I can summarize this.

BY MR. KUSHNER:

Q Is it your testimony, Mr. Pistell, that Mr. Benhima purchased some Lincoln American stock at some stage?

A Correct.

Q How does that relate if at all to this $36,000 disbursements by Vencap to him.

A He was going to become our fellow stockholder as we previously testified, Bob, at one point when he left the government and when he went back in the government he could no longer take that position so we returned his equity. He contributed--

MR. TAYLOR: He had bought stock which you had

agreed, as I recall, to take over the stock in the company?

THE WITNESS: We took over the Lincoln American stock in lieu of cash payment, do you follow me?

MR. TAYLOR: They took it over at his cost.

THE WITNESS: Athis cost.

Q You, in behalf of Vencap, agreed to acquire from Mr. Benima his holdings of Lincoln American at his cost?

A At market, whatever it was then at th e time.

Q And this was to be--

A His payment in lieu of his shares.

Q It wasn't to be a payment, was it, because he was to get paid his full cost for the Lincoln American stock so it was not a contribution on his part.

MR. TAYLOR: As I recall it he had bought in a margin account and this payment just simply was the balance of the margin account.

THE WITNESS: Just cash.

MR. TAYLOR: I think it is in the same brokerag firm, Schweickart, you will see it is the same account.

BY MR. KUSHNER:

Q Did you place these purchases for him?

A No, his secretary did, I believe.

Q Did you have any power over his account at Schweickart?

A None whatsoever.

Q Did you have any understandings with him with regard to his purchase of Lincoln American?

A No, I did not but he has not followed my investment--

MR. TAYLOR: At what time? You mean at the time he originally purchased the stock?

MR. KUSHN ER: Let's take it in two steps, at the time he purchased the stock.

THE WITNESS: I advised--he asked me if there-- if this was any good investment, and I said yes, I thought Lincoln American was a good investment at the time.

Q Did you have any understandings with him when he purchased the stock?

A No, Bob.

MR. TAYLOR: But that he means was he buying on behalf of the company.

THE WITNESS: No, he was buying on behalf of his own account.

BY MR. KUSHNER:

Q You have no understanding at all with him when he purchased the stock?

A No.

Q The Lincoln American stock?

A No.

Q At any subsequent time after he purchased the Lincoln American stock did you have any understanding with him?

A No. I did not.

MR. TAYLOR: I think that the best thing for us to do is to go back--because--as soon as you can get these records back I think you can give--as I recall it the payment occurred after the time there was agreement or understanding that Vencap would acquire that stock, that is my recall, the payment came later.

That might explain--it might explain-- In other words, the payment wasn't made--I don't believe the payment was contemporaneous with the

agreement between Benhima and Mr. Pistell to reacquire that stock.

BY MR. KUSHNER:

Q Well, when did Vencap agree to reacquire that stock from Mr. Benhima. Do you have anything in writing on this?

A Not really. I don't think we do.

Q Well, do you know when you agreed to it?

A When he could no longer become a stockholder.

Q When was that?

A When he went back into the government.

Q When was that?

A Bob, I can't tell you that exact date. It was in 19--

MR. TAYLOR: It was probably before that balance sheet?

THE WITNESS: Yes. I think you have the whole file there.

Q There is a disbursement of May 1973 to Lyford Cay of $7,711. What was that?

A That would be, Bob, under the same agreement I believe that was on page 5 of Exhibit--whatever it is.

Q Your employment agreement, is that what it is?

A No, no, on the house agreement, Bob.

MR. KELLNER: Exhibit 29.

THE WITNESS: 29, right.

MR. KUSHNER: Okay.

BY MR. KUSHNER: * **

Q There is a disbursement of May 24, 1973 to Columbus Trust for $2,177.

What was that for?

A That--

MR. TAYLOR: Off the record a moment, please.

MR. KUSHNER: Off the record.

(Discussion off the record.)

MR. KUSHNER: Back on the record.

THE WITNESS: That was on the reinsurance negotiations, he was to become escrow agent and become escrow agent and went to London to check out the various mortgages and receivables for us.

That deal did not go through.

Q Is tist the IOSinsurance holdings?

A That is correct.

Q No, that had fallen through prior to May-1973.

Pistell

MR. TAYLOR: The invoice came later.

MR. KUSHNER: Can we have the invoic3 for that?

THE WITNESS: Sure.

MR. TAYLOR: Yes.

1862A

BY MR. KUSHNER:

* * *

Q There is a disbursement for August 1973 which reads, F.T.K.& W., $20,000 advance R.C. Pistell, can you locate that one?

A Probably accounting fee. Where is it?

MR. TAYLOR: Which ledger sheet number?

MR. KUSHNER: Let me see if I can get it.

THE WITNESS: Do you have the number there, Bob?

MR. KUSHNER: I am attempting to get it for you.

MR. TAYLOR: It is charged to Mr. Pistell. I don't find it.

MR. KUSHNER: We better look for it.

MR. TAYLOR: I don't see it at all.

THE WITNESS: Is this 73, bob?

MR. KUSHNER: Yes, '73.

THE WITNESS: Here is June and here is

July.

MR. TAYLOR: Maybe it is in the next one. It is probably in the next section.

Here is August. Here we go. $20,000 it is.

MR. KUSHNER: Yes.

MR. TAYLOR: October.

THE WITNESS: That is charged to me.

MR. TAYLOR: That is an accounting fee.

THE WITNESS: Why he hell is it charged to me.

MR. TAYLOR: We will have to find out.

MR. KUSHNER: All right.

BY MR. KUSHNER:

Q Is that an advance that the firm made to you?

A No.

MR.TAYLOR: I am sure that is an accounting fee.

THE WITNESS: It is charged to me, personally. Christ, he has enough charges--

MR. KUSHNER: Can you give us an invoice for that?

THE WITNESS: Yes.

MR. KUSHNER: Also, in August 1973 there are Intercpital advances of $25,000.

BY MR. KUSHNER:

Q Could you tell us what that is for?

MR. TAYLOR: Can you wait just a second while I write this down?

Okay. What was the next one?

MR. KUSHNER: Intercapital advances of $25,000.

BY MR. KUSHNER:

Q Do you know what those relate to?

MR.TAYLOR: It was probably pursuant to that agreement, that financing agreement, money that was put in, put in Canada.

THE WITNESS: It might have been. I think it is pursuant to a financing agreement, Bob. We will check the records on it.

MR. KUSHNER: Wouldyou please--

THE WITNESS: Yes, sure.

MR. KUSHNER: -- furnish us with the documentation?

THE WITNESS: Right.

* * *

BY MR. KUSHNER:

Q In September 1973 you will note cash

was not consummated. There is another 15,000 that is on trust--in a trust down there with Correa, that is with Mr. Pistell, that is separate. There it is. There is 15,000 (indicating).

BY MR. KUSHNER:

Q What was the transaction that fell through?

A It was a land deal, a land proposition we were looking at at the time.

Q In Mexico?

A Mexico and the Correa firm and Havens, Wandless advised us not to go through with the deal. The moneys were returned.

Q All except $15,000?

A Yes, but that is being held in trust in ~~Tangamanga.~~ 18654

***

Q In October 1973 there are disbursements to Intercapital of $150,000.

Do you know what that relates to?

A The same financing.

Q That came back?

A Right.

Q November 1973 there is a disbursement to Intervent of $200,000.

A That would be the equity capital that went into the oil and gas transaction which has since gone back.

Q In January 1974, there is a disbursement to Intercapital--strike that.

In Mardh 1974 there is a disbursement to Intercapital of $15,000.

Do you know what that was for?

A No.

MR. TAYLOR: We will check that. What is the date of that?

MR. KUSHNER: March '74.

THE WITNESS: We will check it for you.

MR. KUSHNER: Are these books posted to date?

THE WITNESS: Absolutely.

MR.TAYLOR: And you have the same thing with respect to Intercapital and Intervent.

MR. KUSHNER: All righ t.

Off the record for a minute.

(Discussion off the record.)

MR. KUSHNER: On the record.

I understand that Mr. Pistell will consult his schedule as to when he has to be

back in New York for his own business or other reasons and Mr. Taylor will be in touch with me tomorrow or by the end of the week and will choose an adjourned date and the way I will note it now is the deposition is adjourned subject to a date which I will furnish to Mr. Pistell and other counsel which will be a date on reasonable notice.

Mr. Pistell has produced the following files which I will mark collectively as Exhibit 46 for identification, the folder is as follows:

Vencap Limited Columbus Trust Company, Limited Nassau, that is one folder.

The Lyford Cay Company, Limited Nassau, the Lyford Can Construction and Supply Company, Limited Nassau, Limousine Service, Tiffany Livery, Limited, American Express Co., Bahamas, Telecommunications Corp., hotels, Metropolitan Club, restaurants, United Airlines, bills paid and Misc, Vencap, cables, telegrams, et cetera and, finally, the Lyford Cay Club.

I am only going to Xerox what I think is relevant to this deposition and the rest I will just return to you in original form and you will just save--keep them, Mr. Taylor.

MR. TAYLOR: Okay.

MR. KUSHNER: Thank you.

(Plaintiff's Exhibit 46 marked for identification.)

46446

MR. KUSHNER: We have a lot of items that I hope to get from you and we will be in communication on that, they are listed in the deposition, I also kept a list sir, as I am sure I have.

MR. TAYLOR: Right.

MR. KUSHNER: That is it for now.

THE WITNESS: Very good.

MR. TAYLOR: Thank you.

(Whereupon, at 5:00 o'clock p.m., the deposition was adjourned.)

oOo

1869A

Plaintiffs' Exhibit 14-2

PLFS EX Pltffs 2 for ID
5/6/74 K

VENCAP LIMITED
P. O. Box N7776, Nassau,
Bahamas.

27 March 1973.

Mr. Norman P. LeBlanc,
President,
Global Holdings Limited,
P. O. Box N8319,
Nassau, Bahamas.

Dear Mr. LeBlanc:

I understand that discussions have been under way which could lead to a settlement of the current S.E.C. Complaint against ICS Limited, Global Holdings Limited and others.

It is my earnest belief that if such a settlement can be reached it would be beneficial for all parties concerned.

I, therefore, offer on behalf of myself and other Vencap Limited stockholders to sell these shares of Vencap Limited to Global Holdings Limited at the original cost. To this end I have deposited all of the Vencap shares in the Bahamas Commonwealth Bank Limited, where they will be available for transfer in the event of a successful conclusion of your settlement discussions.

Very truly yours,
VENCAP LIMITED

Richard C. Pistell
President

1870A

Plaintiffs' Exhibit 14-3

PL F/S EX Pistell 3/6/74 H

5/6/74 H

2nd April, 1973

Mr. Norman P. LeBlanc,
President,
Global Holdings Limited,
P.O. Box N3319,
NASSAU.

Dear Mr. LeBlanc,

With reference to the letter of Vencap Limited signed by me, dated March 27, 1973, I have consulted with counsel as of this date and I am advised that the fulfilment of the items of the proposal is subject to approval of the Board of Directors and of the shareholders of the company. I am making arrangements to convene a General Meeting of shareholders and I will advise you of the outcome of the meeting as soon as it occurs.

Yours truly,

Richard C. Pistell
Chairman of the Board

PL Exhibit 14-4A

PLFisex Postal 'MARKED
5/6/74K

VENCAP LIMITED

BALANCE SHEET

AS AT APRIL 30, 1974

1871A

UNAUDITED

ASSETS

CURRENT ASSETS		
Cash (Including Time Deposits of $1,305,000)		$1,342,956
Accrued Interest Receivable		39,000
Accounts Receivable		5,264
Trust Account		15,000
Loans Receivable		155,075
Salary Advances		25,000
TOTAL CURRENT ASSETS		$1,582,295
INVESTMENTS (AT COST)		
Securities	$905,149	
Turkish Wine Concession	32,728	
Other	19,000	
Liquidating Dividend Receivable	125,000	
TOTAL INVESTMENTS (AT COST)		1,081,877
Organization Expense		15,000
TOTAL ASSETS		$2,679,172

LIABILITIES AND STOCKHOLDERS' EQUITY

STOCKHOLDERS' EQUITY	
Capital Stock - Common	$ 4,000
- Preferred	3,000,000
	$3,004,000
Retained Earnings (Deficit)	(324,828)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$2,679,172

SCHEDULE "A"

1872A

Plaintiffs' Exhibit 14-5

(1) Certified copy of assignment from Intervent, Inc. to Newmark dated March 21, 1974, covering property in the King's Bayou Area, Cameron Parish, Louisiana, recorded under File No. 136265 of the Conveyance Records of that Parish.

(2) Certified copy of assignment from Intervent, Inc. to Newmark dated March 21, 1974, covering leases in the South Lake Boeuf Area, Lafourche Parish, Louisiana, recorded under Entry No. 385248 of the Conveyance Records of that Parish.

(3) Certified copy of assignment from Intervent, Inc. to Newmark dated March 21, 1974, covering leases in the Drew Field, Ouachita Parish, Louisiana, recorded under File No. 686410 of the Conveyance Records of that Parish.

(4) Photocopy of certified copy of assignment from Intervent, Inc. to Newmark dated March 21, 1974, covering leases in the North White Lake Area of Vermilion Parish, Louisiana, and recorded under File No. 221827 of the Conveyance Records of that Parish. I have retained the certified copy for reasons set forth hereinafter.

(5) Original of unrecorded letter agreement dated March 21, 1974, between Intervent and Newmark with respect to the Reddell Field, Evangeline Parish, Louisiana.

(6) Certified copy of assignment from Intervent to Newmark dated March 21, 1974, covering the Munson lease in the Bailey's Prairie Area, Brazoria County, Texas, which is recorded in Vol. 1198, page 287, File No. 6344 of the Deed Records of said County.

(7) Certified copy of assignment from Intervent to Newmark dated March 21, 1974, covering leases in the Collins Lake Area, Brazoria County, Texas, which is recorded in Vol. 1198, page 292, File No. 6345 of the Deed Records of said County.

(8) Certified copy of assignment from Intervent to Newmark dated March 21, 1974, covering an undivided interest in the Speed, et al, lease of the Indian Hills Area of Montgomery County, Texas, recorded under File No. 342459 of the Deed Records of said County. (You will note that the assignment includes the Schweinle et al lease covering lands in Harris County; however, the assignment actually does not cover any of the lands in Harris County and has not been filed in the Deed Records of that County.)

(9) Certified copy of assignment from Intervent to Newmark dated March 21, 1974, covering leases in the Golden Triangle Area of Jefferson County, Texas, recorded under File No. 874597 of the Deed Records of that County.

(10) Original of a letter dated March 14, 1974, from Flag-Redfern Oil Company addressed to Newmark American Petroleum Corporation with respect to State Lease No. 5674 Well No. 2 in the North White Lake Field, Vermilion Parish.

6814 VOL 1198 PAGE 251

THE STATE OF TEXAS)
) ASSIGNMENT OF UNDIVIDED INTEREST IN OIL, GAS AND MINERAL LEASES
COUNTY OF BRAZORIA)

KNOW ALL MEN BY THESE PRESENTS that 18734

INTERVENT, INC., a Delaware corporation, qualified to do business in the State of Texas having an office in Midland County, Texas at 303 Wall Towers West, Midland, Texas 79701 ("Assignor")

for and in consideration of the sum of TEN DOLLARS ($10.00) and other good and valuable consideration paid by Assignee hereinafter named, thereceipt and sufficiency of which are hereby acknowledged, has ASSIGNED and CONVEYED and does by these presents GRANT, BARGAIN, SELL, TRANSFER, ASSIGN and CONVEY unto

NEWMARK AMERICAN PETROLEUM CORP., a Delaware corporation, qualified to do business in the State of Texas, having an office at Suite 307, 8989 Westheimer, Houston, Texas

the undivided interest set forth below in and to the oil, gas and mineral lease described below covering lands in Brazoria County, Texas, to-wit:

Oil and Gas Lease dated June 4, 1952, executed by Houston C. Munson, et al, Lessor, in favor of Louis Baker, Lessee, recorded in Vol. 540, page 586, as amended by instrument dated June 21, 1952, executed by Houston C. Munson, et al, recorded in Vol. 547, page 457, which lease covers lands in the James B. Bailey Survey, A-38. Samuel Carter Survey, A-53, and Asa Mitchell 1/2 League, A-97, INSOFAR ONLY as the lease covers and affects the West 200 acres of that certain tract of land containing 320 acres reserved in the assignment dated August 4, 1961, from San Jacinto Oil and Gas Company and David C. Bingliff in favor of Greenbrier Oil Company and Gallery Properties, Inc., which assignment is recorded in Vol 803, page 216, to which assignment and the recordation thereof reference is hereby made for a more particular description of the 320-acre tract and for all other purposes. (The reference to recording data above are to the Deed Records of Brazoria County, Texas.)

n undivided interest in the lease
)-acre tract above mentioned. Under
lbed lease, a well has heretofore
nated as the D.C. Bintliff No.1
Well") located on the 200-acre
Samuel Carter Survey, A-53, at a
feet West of the East line and
rth line of said Survey. Assignor
he following interests in said lease:

ht, title, and interest in said
LY INSOFAR as said lease covers
s and formations from the sur-
he Anderson formation, defined
wn on the electric log of the
pth of 11,066' to 11,071', and
NLY INSOFAR as said lease covers
40) acre tract of land described

intliff Well, above described,
tance of 467 feet, more or less,
the 200-acre tract above described,
NG:
g and with the East line of said
tance of 660 feet;
ndicular to the East line of said
tance of 1320 feet;
llel with the East line of said
tance of 1320 feet;
lel with the South line of this
ance of 1320 feet to the East
tract;
g the East line of the 200-acre
660 feet to the POINT OF BEGINNING,

s interest in the said Bintliff
signor's interest in all equipment
l thereto, including but not limited
heaters, treaters, separators, and

rstood that this assignment is subject
ts, their terms, conditions, and

(a) Contract to Buy and Sell Oil
between Flag-Redfern Oil Comp
al dated October 12, 1973, ex
graph 6, page 11 thereof per
for which Assignee herein sha
liability in connection there
assignment.

(b) Surface Use Agreement executed
by Flag-Redfern Oil Company a
"Lease Owners" and David C. B
recorded in Book , Page
Brazoria County, Texas, insof
Agreement relates to Drillsite
A thereto.

(c) All the terms, provisions, and
described lease and assignment
affecting same of record in th
County, Texas, as of this date

Assignee acknowledges receipt of a
lease and agrees to be bound by the t
that the interests herein assigned sh
part of all burdens with which the le
date hereof, including overriding roy

Except as provided in the Contract
(a) above, this assignment is without
express or implied. That is to say, As
Assignee the same benefits as to warra
forth in said Contract, but not otherw

This assignment shall be effective
local time, March 1, 1974. Accordingl
entitled to receive the proceeds of p
tion prior to the effective date; and
not bear any costs, risk and expense a
interest incurred prior to the effecti
be entitled to its proportionate part
proceeds therefrom on and after the ef
sume its proportionate part of all cost

and Gas Properties ("Contract")
any and David C. Bintliff et
cept for that portion of para-
taining to obligation wells
ll not bear any obligation or
with by its acceptance of this

d effective January 11, 1974
nd David C. Bintliff, as
intliff, as "Bintliff",
of the Deed Records of
ar as such Surface Use
e No. 1 listed on Exhibit

l conditions of the above-
ts and other instruments
e Deed Records of Brazoria
.

copy of the above described
erms thereof, and acknowledges
all bear their proportionate
ase is burdened as of the
alties.

referred to in paragraph
warranty of title, either
ssignor herein grants unto
anty of title as those set
ise.

as of 7:00 o'clock a.m.,
y Assignee shall not be
roduction for any produc-
therefore Assignee shall
ttributable to the assigned
ve date. Assignee shall
of all production or the
fective date and shall as-
ts, risk and expense at-

tributable to the assigned interest after the effective date.

This instrument, its terms and provisions shall be binding upon and inure to the benefit of the parties hereto, their respective successors and assigns, forever.

IN WITNESS WHEREOF, this instrument is executed on this 21st day of March, 1974, but effective as of the effective date set forth hereinabove.

INTERVENT, INC.

WITNESSES:

F. Nimick

A. Gattis

By _____
President

ATTEST:

David B. Taylor
Secretary

WITNESSES:

NEWMARK AMERICAN PETROLEUM CORP.

Lori Duncan

Charles [illegible]

By _____
President

ATTEST:

Assistant Secretary

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1077A

STATE OF NEW YORK

COUNTY OF NEW YORK

On this 16th day of March, 1974, before me appeared Richard C. Pistell, to me personally known, who, being by me duly sworn, did say that he is the President of INTERVENT, INC., and that said instrument was signed in behalf of said corporation by authority of its Board of Directors, and said Richard C. Pistell acknowledged said instrument to be the free act and deed of said corporation.

Frieda S. Hurick
Notary Public

Notary Public, State of New York
FRIEDA S. HURICK
No. 41-6163200
Qualified in Queens County
Commission Expires March 30, 1974

STATE OF TEXAS

COUNTY OF HARRIS

On this 21st day of March, 1974, before me appeared Arthur R. Klimchuk, to me personally known, who, being by me duly sworn, did say that he is the President of NEWMARK AMERICAN PETROLEUM CORP. and that said instrument was signed in behalf of said corporation by authority of its Board of Directors, and said Arthur R. Klimchuk acknowledged said instrument to be the free act and deed of said corporation.

Lynda L. Wilson
Notary Public

FILED FOR RECORD
AT 10:55 O'CLOCK A M.

APR 2 1974

H. R. STEVENS, JR.
CLERK COUNTY COURT, HARRIS CO., TEXAS
BY D. Bignell DEPUTY

1878A

THE STATE OF TEXAS }
COUNTY OF BRAZORIA }

I, H. R. Stevens, Jr., Clerk of the County Court, in and for Brazoria County, Texas, do hereby certify that the above and foregoing is a true and correct copy of that certain ASSIGNMENT OF UNDIVIDED INTEREST IN OIL, GAS AND MINERAL LEASES BETWEEN INTERVENT, INC. AND NEWMARK AMERICAN PETROLEUM CORP. dated the 21ST day of MARCH, A.D., 19 74, as the same appears of record in Volume 1198, Page 287 of the DEED Records bearing file number 6344 of Brazoria County, Texas.

GIVEN UNDER MY HAND AND SEAL OF OFFICE at Angleton, Texas, this 2ND day of APRIL, A.D., 19 74.

H. R. Stevens, Jr., Clerk County Court
in and for Brazoria County, Texas.

By B Bagwell Deputy.

THE STATE OF TEXAS)
) ASSIGNMENT OF UNDIVIDED
COUNTIES OF HARRIS) INTEREST IN OIL, GAS
AND MONTGOMERY) AND MINERAL LEASES

1879A

KNOW ALL MEN BY THESE PRESENTS that

INTERVENT, INC., a Delaware Corporation, qualified to do business in the State of Texas having an office in Midland County, Texas at 303 Wall Towers West, Midland, Texas 79701 ("Assignor")

for and in consideration of the sum of TEN DOLLARS ($10.00) and other good and valuable consideration paid by Assignee hereinafter named, the receipt and sufficiency of which are hereby acknowledged, has ASSIGNED and CONVEYED and does by these presents GRANT, BARGAIN, SELL, TRANSFER, ASSIGN and CONVEY unto

NEWMARK AMERICAN PETROLEUM CORP., a Delaware corporation, qualified to do business in the State of Texas, having an office at Suite 307, 8989 Westheimer, Houston, Texas

the undivided interests set forth below in and to the oil, gas and mineral leases described below covering lands in Harris and Montgomery Counties, Texas, to-wit:

1. Oil, Gas and Mineral Lease dated June 26, 1970, from Marvolene B. Speed, et al, Lessor, to W. Paul Nelson, Lessee, covering 600 acres of land, more or less, in the William White Two-Thirds League and Labor Survey, A-592, and the Isaac Mansfield Survey, A-344, recorded in Book 717, page 66, and Book 717, page 44, Deed Records of Montgomery County, Texas.
2. Oil, Gas and Mineral Lease dated July 8, 1971, executed by Albert A. Schweinle, et al, as Lessor, and W. Paul Nelson, as Lessee, covering 362.27 acres of land, more or less, in the William White Survey, A-829, recorded under Numbers 137-33-1056 through 137-33-1060 in the Records of Real Property, Harris County, Texas

Under terms of the Marvolene B. Speed et al Lease (No. 1 above), the D. C. Bintliff No. 1 Speed Well ("Speed Well"), which is located approximately 3345.6 feet South of the North Line and 777.5 feet East of the West line of the William White Two-Thirds League and Labor Survey, A-592, Montgomery County, Texas, was drilled to a depth of 7110 feet as shown on the electric log for said well. The interests herein assigned are as follows:

All of Assignor's right, title, and interest in and to the Marvolene B. Speed et al Lease, INSOFAR AND ONLY INSOFAR as it covers and affects

1880A

(1) All depths and formations from the surface to the stratigraphic equivalent of a depth of 7110 feet, as shown on the electric log of the said Speed Well, and FURTHER INSOFAR AND ONLY INSOFAR as said lease covers and affects a 40-acre tract of land in the shape of a square with the Speed Well in the exact center thereof, the North and South boundaries of said tract running due East and West and the East and West boundaries running due North and South;

(2) The Cockfield Sand, which for the purposes of this assignment is defined as that sand shown on the electric log of the Speed Well at the interval of 6862' to 6876', INSOFAR BUT ONLY INSOFAR as said lease covers and affects the West 160 acres of the lands covered by the lease in the William White Two-Thirds League and Labor Survey, A-592, and not included in the 40 acres described under (1) above, the East line of said 160-acre tract being a line running due North and South a sufficient distance East of the West line of said Survey to enclose exactly 160 acres; and

(3) All of Assignor's right, title, and interest in and to said Speed Well, including but not limited to Assignor's interest in all pipe, wellhead equipment, gathering lines, heaters, treaters, and other equipment in, on or connected to said well.

It is specifically understood and agreed that this assignment is subject to the following terms, conditions and provisions:

(i) Contract to Buy and Sell Oil and Gas Properties ("Contract") between Flag-Redfern Oil Company and David C. Bintliff et al dated October 12, 1973, except for that portion of paragraph 6, page 11 thereof pertaining to obligation wells for which Assignee herein shall not bear any obligation or liability in connection therewith by its acceptance of this assignment.

(ii) The terms and provisions of the leases described above and all assignments thereof.

Assignee acknowledges receipt of a copy of each of the leases described above and agrees to be bound by the terms thereof, and acknowledges that the interests herein assigned shall bear their proportionate part of all burdens with which the leases are burdened as of the date hereof, including overriding royalties.

Except as provided in the Contract referred to in paragraph (i) above, this assignment is without warranty of title, either express or implied. That is to say, Assignor herein grants unto Assignee the same benefits as to warranty of title as those set forth in said Contract, but not otherwise.

This assignment shall be effective as of 7:00 o'clock a.m., local time, March 1, 1974. Accordingly Assignee shall not be entitled to receive the proceeds of production for any production prior to the effective date; and therefore Assignee shall not bear any costs, risk and expense attributable to the assigned interest incurred prior to the effective date. Assignee shall be entitled to its proportionate part of all production or the proceeds therefrom on or after the effective date and shall assume its proportionate part of all costs, risk and expense attributable to the assigned interest after the effective date.

This instrument, its terms and provisions shall be binding upon and inure to the benefit of the parties hereto, their respective successors and assigns, forever.

IN WITNESS WHEREOF, this instrument is executed on this 21st day of March, 1974, but effective as of the effective date set forth hereinabove.

WITNESSES:

F. Nunick

A. G. Tullos

INTERVENT, INC.

By _____
President

ATTEST: _____
Secretary

WITNESSES:

_____

_____

NEWMARK AMERICAN PETROLEUM CORP.

By _____
President

ATTEST: _____
Assistant Secretary

STATE OF NEW YORK

COUNTY OF NEW YORK

1883A

On this 16th day of March, 1974, before me appeared Richard C. Pistell, to me personally known, who, being by me duly sworn, did say that he is the President of INTERVENT, INC., and that said instrument was signed in behalf of said corporation by authority of its Board of Directors, and said Richard C. Pistell acknowledged said instrument to be the free act and deed of said corporation.

Frieda S. Hurick
Notary Public

Notary Public, State of New York
FRIEDA S. HURICK
No. 41-8168200
Qualified in Queens County
Commission Expires March 30, 1975

STATE OF TEXAS

COUNTY OF HARRIS

On this 21st day of March, 1974, before me appeared Arthur R. Klimchuk, to me personally known, who, being by me duly sworn, did say that he is the President of NEWMARK AMERICAN PETROLEUM CORP. and that said instrument was signed in behalf of said corporation by authority of its Board of Directors, and said Arthur R. Klimchuk acknowledged said instrument to be the free act and deed of said corporation.

Lynda L. Wilson
Notary Public

FILED FOR RECORD
AT 9 O'CLOCK 11 M.

APR 3 1974

ROY HARRIS, Clerk
County Court, Montgomery Co., Tx.
By [illegible] Deputy

A true and correct copy, I hereby certify as the same appears under file #342459 of the Deed records in the County Clerk's Office in Montgomery County, Texas.

ROY HARRIS, County Clerk
By [illegible] Deputy

THE STATE OF TEXAS)
) ASSIGNMENT OF UNDIVIDED
) INTEREST IN OIL, GAS
COUNTY OF BRAZORIA) AND MINERAL LEASES

1884A

KNOW ALL MEN BY THESE PRESENTS that

INTERVENT, INC. a Delaware Corporation, qualified to do business in the State of Texas having an office in Midland County, Texas at 303 Wall Towers West, Midland, Texas 79701 ("Assignor")

for and in consideration of the sum of TEN DOLLARS ($10.00) and other good and caluable consideration paid by Assignee hereinafter named, the receipt and sufficiency of which are hereby acknowledged, has ASSIGNED and CONVEYED and does by these presents GRANT, BARGAIN, SELL, TRANSFER, ASSIGN and CONVEY unto

NEWMARK AMERICAN PETROLEUM CORP.; a Delaware corporation, qualified to do business in the State of Texas, having an office at Suite 307, 8989 Westheimer, Houston, Texas

the undivided interests set forth below in and to the oil, gas and mineral leases described in Exhibit "A" attached hereto covering lands in Brazoria County, Texas. The interests herein assigned are as follows:

All of Assignor's right, title and interest in and to the leases described in Exhibit "A" insofar, but only insofar as said leases cover and affect all depths and formations from the surface to the stratigraphic equivalent of ten thousand, one hundred and seventy feet (10,170) as shown on the electric log of the No. 1 Ralph Miller Well which well is located on lands covered by lease No. 1 of Exhibit "A" and all of Assignor's right, title and interest in and to said No. 1-Ralph Miller Well including but not limited to all pipe, wellhead equipment

tanks, separators, heaters, treaters and other equipment in, on or connected to the well or used in connection with its operation.

It is specifically understood and agreed that this assignment is made subject to the following terms, conditions and provisions:

(i) Contract to Buy and Sell Oil and Gas Properties ("Contract") between Flag-Redfern Oil Company and David C. Bintliff et al dated October 12, 1973, except for that portion of paragraph 6, page 11 thereof pertaining to obligation wells for which Assignee herein shall not bear any obligation or liability in connection therewith by its acceptance of this assignment.

(ii) The terms and provisions of the leases described on Exhibit "A" and all assignments thereof.

Assignee acknowledges receipt of a copy of each of the leases described on Exhibit "A" and agrees to be bound by the terms thereof, and acknowledges that the interests herein assigned shall bear their proportionate part of all burdens with which the leases are burdened as of the date hereof, including overriding royalties.

The leases described in Exhibit "A" are subject to a certain gas purchase contract dated November 16, 1973, executed by David C. Bintliff et al as Seller and Phillips Petroleum Company, Buyer, and to a certain unrecorded letter agreement dated April 1, 1971, by and between Ralph K. Miller et al and David C. Bintliff. A copy of each of those instruments has been furnished to Assignee, who acknowledges receipt of same and agrees to be bound thereby.

Except as provided in the Contract referred to in paragraph (i) above, this assignment is without warranty of title, either express or implied. That is to say, Assignor herein grants unto Assignee the same benefits as to warranty of title as those set forth in said Contract but not otherwise.

This assignment shall be effective as of 7:00 o'clock a.m.,

local time, March 1, 1974. Accordingly Assignee shall not be entitled to receive the proceeds of production for any production prior to the effective date; and therefore Assignee shall not bear any costs, risk and expense attributable to the assigned interest incurred prior to the effective date. Assignee shall be entitled to its proportionate part of all production or the proceeds therefrom on and after the effective date and shall assume its proportionate part of all costs, risk and expense attributable to the assigned interest after the effective date.

This instrument, its terms and provisions shall be binding upon and inure to the benefit of the parties hereto, their respective successors and assigns, forever.

IN WITNESS WHEREOF, this instrument is executed on this 21st day of March, 1974, but effective as of the effective date set forth hereinabove.

WITNESSES:

F. Nunick

A G Tello

INTERVENT, INC.

By _____
President

ATTEST: _____
Secretary

WITNESSES:

_____

_____

NEWMARK AMERICAN PETROLEUM CORP.

By _____
President

ATTEST: _____
Assistant Secretary

DEED

VOL 1198 PAGE 295

STATE OF NEW YORK

COUNTY OF NEW YORK

1887A

On this 16th day of March, 1974, before me appeared Richard C. Pistell, to me personally known, who, being by me duly sworn, did say that he is the President of INTERVENT, INC., and that said instrument was signed in behalf of said corporation by authority of its Board of Directors, and said Richard C. Pistell acknowledged said instrument to be the free act and deed of said corporation.

Frieda S. Nurick

Notary Public

Notary Public, State of New York
FRIEDA S. NURICK
No. 41-8168200
Qualified in Queens County
Commission Expires March 30, 1974

STATE OF TEXAS

COUNTY OF HARRIS

On this 21st day of March, 1974, before me appeared Arthur R. Klimchuk, to me personally known, who, being by me duly sworn, did say that he is the President of NEWMARK AMERICAN PETROLEUM CORP. and that said instrument was signed in behalf of said corporation by authority of its Board of Directors, and said Arthur R. Klimchuk acknowledged said instrument to be the free act and deed of said corporation.

Lynda L. Wilson

Notary Public

EXHIBIT "A"

Attached to and made a part of that Assignment of Undivided Interest in Oil, Gas and Mineral Leases executed by Intervent, Inc. in favor of Newmark American Petroleum Corp., dated March 31, 1974.

1888A

FILED

VOL 1198 PAGE 296

l, gas and mineral leases described below cover lands in Brazoria County, Texas, e recording references are to the Deed Records of said County.

il, Gas and Mineral Lease dated April 1, 1971, between Ralph K. Miller, et al, s Lessor, and David C. Bintliff, as Lessee, covering 216.03 acres of land, more r less, in the Cornelius Smith League, A-129, recorded in Vol. 1088, page 257.

il, Gas and Mineral Lease dated May 18, 1971, between Lewis H. Pollett, et al, ssor, and W. Paul Nelson, Lessee, covering 26 acres of land, more or less, nd recorded in Vol. 1092, page 425.

l, Gas and Mineral Lease dated May 17, 1971, between Henry W. Munson, as ssor, and W. Paul Nelson, Lessee, covering 26 acres of land, more or less, corded in Vol. 1090, page 368.

l, Gas and Mineral Lease dated May 12, 1971, between Davis T. Pence, et al, ssor, and W. Paul Nelson, Lessee, covering 40 acres of land, more or less; corded in Vol. 1090, page 366.

l, Gas and Mineral Lease dated May 12, 1971, between Guy Woodruff, Lessor, d W. Paul Nelson, Lessee, covering 48.55 acres of land, more or less, recorded Vol. 1092, page 422.

FILED FOR RECORD
AT 4:15 O'CLOCK P M.
APR 2 1974
H. R. STEVENS, JR.
CLERK COUNTY COURT, BRAZORIA CO., TEXAS
BY [illegible] DEPUTY

1889A

THE STATE OF TEXAS }
COUNTY OF BRAZORIA }

I, H. R. Stevens, Jr., Clerk of the County Court, in and for Brazoria County, Texas, do hereby certify that the above and foregoing is a true and correct copy of that certain ASSIGNMENT OF UNDIVIDED INTEREST IN OIL, GAS AND MINERAL LEASES BETWEEN INTERVENT, INC. AND NEWMARK AMERICAN PETROLEUM CORP.

dated the 21ST day of MARCH, A.D., 19 74, as the same appears of record in Volume 1198, Page 292 of the DEED Records bearing file number 6345 of Brazoria County, Texas.

GIVEN UNDER MY HAND AND SEAL OF OFFICE at Angleton, Texas, this 2ND day of APRIL, A.D., 19 74.

H. R. Stevens, Jr., Clerk County Court
in and for Brazoria County, Texas.

By B. Bagwell Deputy.

EXHIBIT "A"

Attached to and made a part of Assignment of Interest in Oil, Gas and Mineral Leases executed by Intervent, Inc. in favor of Newmark American Petroleum Corporation

1890A

The following oil, gas and mineral leases on and covering lands located in Cameron Parish, Louisiana, INSOFAR AND ONLY INSOFAR as said leases cover and affect lands lying within the boundaries of the Planulina SU A created by Order No. 638-F of the Department of Conservation dated effective August 1, 1970, recorded under Entry No. 123140 of the Conveyance Records of Cameron Parish, Louisiana, which unit covers and affects the production from the Boudoin-Richard No. 2 Well.

1. Lease dated January 29, 1969, between Amatile Baudoin Richard, et al, as Lessor, and Matzinger & Associates, Inc., as Lessee, covering 340.00 acres of land, more or less, located in Sections 21, 22, 27 and 28, T-14-S, R-7-W, being recorded in Vol. 248, under Entry No. 117766.

2. Lease dated February 12, 1969, between Ewell Rene Clavery, et ux, as Lessor, and Matzinger & Associates, Inc., as Lessee, covering 3.33 acres of land, more or less, located in Section 27, T-14-S, R-7-W, being recorded in Vol. 248 under Entry No. 117778.

3. Lease dated February 6, 1969, between Martin Richard, et al, as Lessor, and Matzinger & associates, Inc., as Lessee, covering 40.00 acres of land, more or less, located in Section 27, T-14-S, R-7-W, being recorded in Vol. 248 under Entry No. 117776.

4. Lease dated February 12, 1969, between Wilfred C. Clavery, as Lessor, and Matzinger & Associates, Inc., as Lessee, covering 3.33 acres of land, more or less, located in Section 27, T-14-S, R-7-W, being recorded in Vol. 248 under Entry No. 117779.

5. Lease dated February 12, 1969, between Wilfred C. Clavery, Curator for the Interdict Lucille Clavery, as Lessor, and Matzinger & Associates, Inc., as Lessee, covering 3.33 acres of land, more or less, located in Section 27, T-14-S, R-7-W, being recorded in Vol. 252 under Entry No. 118811.

6. Lease dated February 28, 1969, between Mary Theriot Sturlese, as Lessor, and Matzinger & Associates, Inc., as Lessee, covering 4.44 acres of land, more or less, located in Section 27, T-14-S, R-7-W, being recorded in Vol. 249 under Entry No. 117906.

7. Lease dated January 31, 1970, between Mrs. Beatrice Richard, Natural Tutrix for the Minor Byron Richard, as Lessor, and Matzinger & Associates, Inc., as Lessee, covering .75 acre of land, more or less, located in Section 28, T-14-S, R-7-W, being recorded in Vol. 266 under Entry No. 122371.

8. Lease dated January 30, 1969, between Eugenie Montie Bacigalope, as Lessor, and Matzinger & Associates, Inc., as Lessee, covering 6.00 acres of land, more or less, located in Section 28, T-14-S, R-7-W, being recorded in Vol. 248, under Entry No. 117773.

9. Lease dated January 30, 1969, between Leonie Montie Richard, as Lessor, and Matzinger & Associates, Inc., as Lessee, covering 6.00 acres of land, more or less, located in Section 28, T-14-S, R-7-W, being recorded in Vol. 248 under Entry No. 117774.

10. Lease dated January [illegible], 1969, between Ada R. [illegible], et al, as Lessor, and Matzinger & Associates, Inc., as Lessee, covering [illegible].00 acres of land, more or less, located in Section 26, T-14-S, R-7-W, being recorded in Vol. 248, under Entry No. 117775.

11. Lease dated February 13, 1969, between John M. Theriot, as Lessor, and Matzinger & Associates, Inc., as Lessee, covering 3.33 acres of land, more or less, located in Section 27, T-14-S, R-7-W, being recorded in Vol. 248 under Entry No. 117782. 1891A

12. Lease dated January 29, 1969, between Ferdinand Broussard, et al, as Lessor, and Matzinger & Associates, Inc., as Lessee, covering 213.33 acres of land, more or less, located in Sections 21, 27 and 28, T-14-S, R-7-W, being recorded in Vol. 248 under Entry No. 117769.

13. Lease dated January 29, 1969, between Anastasie Baudoin Montie, as Lessor, and Matzinger & Associates, Inc., as Lessee, covering 25.33 acres of land, more or less, located in sections 22, 27 and 28, T-14-S, R-7-W, being recorded in Vol. 248 under Entry No. 117771.

14. Lease dated January 29, 1969, between John A. Montie, as Lessor, and Matzinger & Associates, Inc., as Lessee, covering 52.00 acres of land, more or less, located in Sections 28 and 33, T-14-S, R-7-W, being recorded in Vol. 248 under Entry No. 117767.

15. Lease dated February 1, 1969, between Bertha Carter Clifton et al, as Lessor, and Matzinger & Associates, Inc., as Lessee, covering 440.00 acres of land, more or less, located in Sections 28, 29 and 33, T-14-S, R-7-W, being recorded in Vol. 248 under Entry No. 117764.

16. Lease dated February 12, 1969, between Eunice Clavery Perry, as Lessor, and Matzinger & Associates, Inc., as Lessee, covering 5.55 acres of land, more or less, located in Section 27, T-14-S, R-7-W, being recorded in Vol. 248 under Entry No. 117777.

17. Lease dated February 13, 1969, between Ina Theriot Wicke, as Lessor, and Matzinger & Associates, Inc., as Lessee, covering 3.33 acres of land, more or less, located in Section 27, T-14-S, R-7-W, being recorded in Vol. 248 under Entry No. 117780.

18. Lease dated February 13, 1969, between P. H. Montie, et al, as Lessor, and Matzinger & Associates, Inc., as Lessee, covering 6.66 acres of land, more or less, located in Section 27, T-14-S, R-7-W, being recorded in Vol. 248 under Entry No. 117781.

19. Lease dated February 13, 1969, between Ellen Theriot Fawvor, as Lessor, and Matzinger & Associates, Inc., as Lessee, covering 6.67 acres of land, more or less, located in Section 27, T-14-S, R-7-W, being recorded in Vol. 248 under Entry No. 117783.

20. Lease dated April 21, 1969, between Ella Theriot Landry, et al, as Lessor, and Matzinger & Associates, Inc., as Lessee, covering 28.62 acres of land, more or less, located in Sections 22 and 27, T-14-S, R-7-W, being recorded in Vol. 253 under Entry No. 119159.

21. Lease dated January 31, 1970, between Karen Richard Devall, as Lessor, and Matzinger & Associates, Inc., as Lessee, covering .75 acre of land, more or less, located in Section 28, T-14-S, R-7-W, being recorded in Vol. 266 under Entry No. 122378.

22. Lease dated January 29, 1969, between Levan Broussard, as Lessor, and Matzinger & Associates, Inc., as Lessee, covering 213.33 acres of land, more or less, located in Sections 21, 27 and 28, T-14-S, R-7-W, being recorded in Vol. 248 under Entry No. 117770.

Lease dated August 18, 1969, between A. P. Welch, Jr., et al, as Lessor, and Richard T. Alves, as Lessee, recorded in Vol. 257 under Entry No. 119950; Lease dated August 18, 1969, between William P. Welch, Jr., as Lessor, and Richard T. Alves, as Lessee, recorded in Vol. 257 under Entry No. 119953; Lease dated August 18, 1969, between Walter W. Welch, as Lessor, and Richard T. Alves, as Lessee, recorded in Vol. 257 under Entry No. 119951; and Lease dated August 18, 1969, between Monroe Welch, as Lessor, and Richard T. Alves, as Lessee, recorded in Vol. 257 under Entry No. 119952, all of said leases cover 58.00 acres of land, more or less, in Sections 27 and 34, T-14-S, R-7-W

Lease dated August 18, 1969, between A. P. Welch, Jr., et al, as Lessor, and Richard T. Alves, as Lessee, recorded in Vol. 257 under Entry No. 119945; Lease dated August 18, 1969, between D. W. Griffith, as Lessor, and Richard T. Alves, as Lessee, recorded in Vol. 257 under Entry No. 119949; Lease dated August 18, 1969, between Monroe Welch, as Lessor, and Richard T. Alves, as Lessee, recorded in Vol. 257 under Entry No. 119947; Lease dated August 18, 1969, between Walter W. Welch, as Lessor, and Richard T. Alves, as Lessee, recorded in Vol. 257 under Entry No. 119946; and Lease dated August 18, 1969, between William P. Welch, Jr., as Lessor, and Richard T. Alves, as Lessee, recorded in Vol. 257 under Entry No. 119948, all of said leases covering 265.00 acres of land, more or less, located in Sections, 27, 28, 33 and 34, T-14-S, R-7-W.

- End of Exhibit "A" -

STATE OF LOUISIANA)
)
PARISH OF CAMERON)

ASSIGNMENT OF UNDIVIDED INTEREST IN OIL, GAS AND MINERAL LEASES

1893A

KNOW ALL MEN BY THESE PRESENTS that

INTERVENT, INC., a Delaware corporation, qualified to do business in the State of Louisiana, having an office in Midland County, Texas at 303 Wall Towers West, Midland, Texas 79701 ("Assignor")

for and in consideration of the sum of TEN DOLLARS ($10.00) and other good and valuable consideration paid by Assignee hereinafter named, the receipt and sufficiency of which are hereby acknowledged, has ASSIGNED and CONVEYED and does by these presents GRANT, BARGAIN, SELL, TRANSFER, ASSIGN and CONVEY unto

NEWMARK AMERICAN PETROLEUM CORP., a Delaware corporation, qualified to do business in the State of Louisiana, having an office at Suite 307, 8989 Westheimer, Houston, Texas

the undivided interest set forth below in and to the oil, gas and mineral leases described in Exhibit "A" attached hereto covering lands in Cameron Parish, Louisiana. The interests herein assigned are as follows:

(a) All of Assignor's right, title and interest in and to the leases described in Exhibit "A" as to all depths and formations from the surface to the base of the

Planulina "A" Sand as defined in Order No. 638-F dated August 3, 1970, issued by the Department of Conservation of the State of Louisiana (the producing horizon).

1894A

(b) All of Assignor's right in the Boudoin-Richard No. 2 Well located in Section 28, Township 14 South, Range 7 West, and all of Assignor's share of the production therefrom, and all of Assignor's interest in the equipment therein, thereon, or connected thereto.

The interest herein assigned is assigned and accepted subject to:

(a) All terms and provisions of the leases described in said Exhibit "A".

(b) All assignments affecting said leases which are of record as of this date in the Conveyance Records of Cameron Parish, Louisiana.

(c) Letter agreement dated March 10, 1969, by and between Matzinger & Associates and Sanford E. McCormick with Operating Agreement attached thereto.

(d) Farmout agreement between David C. Bintliff and Matzinger & Associates, et al, dated January 8, 1970.

(e) Area of interest agreement dated January 8, 1970, executed by David C. Bintliff, Sanford E. McCormick, Frank G. Matzinger, Jr., H. L. Hawkins, and H. L. Hawkins, Jr.

(f) Farmout agreement dated January 17, 1970, between Sanford E. McCormick and David C. Bintliff, as amended by letter between the same parties dated January 20, 1970.

(g) Letter agreement between Matzinger & Associates, Sanford E. McCormick, and David C. Bintliff relative to the acquisition of new leases.

(h) Letter agreement dated March 6, 1970, amending Joint Operating Agreement of March 10, 1969, to substitute Hawkins & Hawkins as Operator.

(i) Gas Purchase Contract dated June 22, 1970, executed by United Gas Pipeline Company, Buyer, and David C. Bintliff, et al, Sellers, as amended by letter agreement of the same date and as further amended by instrument dated December 20, 1971, and letter agreement dated March 15, 1972.

(j) Order No. 638-F of the Louisiana Department of Conservation creating the Planulina A sand Unit A for production from the Boudoin-Richard Well No. 2.

(k) Contract to Buy and Sell Oil and Gas Properties ("Contract") between Flag-Redfern Oil Company and David C. Bintliff et al dated October 12, 1973, except for that portion of paragraph 6, page 11 thereof pertaining to obligation wells for which Assignee herein shall not bear any obligation or liability in connection therewith by its acceptance of this assignment.

Assignee acknowledges receipt of a copy of each of the above described leases and instruments and agrees to be bound by the terms thereof, and acknowledges that the interests herein assigned shall bear their proportionate part of all burdens with which the leases are burdened as shown by the above described instruments. 1895A

Except as provided in the Contract referred to in paragraph (k) above, this Assignment is without warranty of title, either express or implied, even to the return of the purchase price, but is with full transfer and subrogation of all rights and actions against all former owners of the property herein assigned. That is to say, Assignor herein grants unto Assignee the same benefits as to warranty of title as those set forth in said Contract. The interests herein assigned shall bear their proportionate part of all overriding royalties and other burdens with which the leases are burdened as of this date as reflected by the Conveyance Records of Cameron Parish, and the unrecorded instruments above mentioned.

Neither party hereto shall execute any assignment of an interest which either may have in the lease unless in such assignment reference is made to this instrument, its terms and provisions and to the unrecorded instruments mentioned hereinabove and the Assignee shall acknowledge receipt of copies of same and agree to be bound by the terms and provisions thereof.

This assignment shall be effective as of 7:00 o'clock a.m., local time, March 1, 1974. Accordingly Assignee shall not be entitled to receive the proceeds of production for any production

prior to the effective date; and therefore assignee shall not bear any costs, risk and expense attributable to the assigned interest incurred prior to the effective date. Assignee shall be entitled to its proportionate part of all production or the proceeds therefrom on and after the effective date and shall assume its proportionate part of all costs, risk and expense attributable to the assigned interest after the effective date.

This instrument, its terms and provisions shall be binding upon and inure to the benefit of the parties hereto, their respective successors and assigns, forever. 1896A

IN WITNESS WHEREOF, this instrument is executed on this 21st day of March, 1974, but effective as of the effective date set forth hereinabove.

WITNESSES:

E. Merrick

A. L. Tolar

INTERVENT, INC.

By R. C. Pate
President

ATTEST:
David S. Taylor
Secretary

WITNESSES:

Lois Reeves

NEWMARK AMERICAN PETROLEUM CORP.

By
President

ATTEST:
Assistant Secretary

STATE OF NEW YORK

COUNTY OF NEW YORK

1897A

On this 16th day of March, 1974, before me appeared Richard C. Pistell, to me personally known, who, being by me duly sworn, did say that he is the President of INTERVENT, INC., and that said instrument was signed in behalf of said corporation by authority of its Board of Directors, and said Richard C. Pistell acknowledged said instrument to be the free act and deed of said corporation.

Frieda S. Klimick
Notary Public

Notary Public, State of New York
FRIEDA S. KLIMICK
No. 41-0178230
Qualified in Queens County
Commission Expires March 30, 1974

STATE OF TEXAS

COUNTY OF HARRIS

On this 21st day of March, 1974, before me appeared Arthur R. Klimchuk, to me personally known, who, being by me duly sworn, did say that he is the President of NEWMARK AMERICAN PETROLEUM CORP. and that said instrument was signed in behalf of said corporation by authority of its Board of Directors, and said Arthur R. Klimchuk acknowledged said instrument to be the free act and deed of said corporation.

Lynda L. Wilson
Notary Public

STATE OF LOUISIANA)
)
PARISH OF LAFOURCHE)

ASSIGNMENT OF UNDIVIDED INTEREST IN OIL, GAS AND MINERAL LEASES

KNOW ALL MEN BY THESE PRESENTS that 1888A

INTERVENT, INC., a Delaware corporation, qualified to do business in the State of Louisiana, having an office in Midland County, Texas at 303 Wall Towers West, Midland, Texas 79701 ("Assignor")

for and in consideration of the sum of TEN DOLLARS ($10.00) and other good and valuable consideration paid by Assignee hereinafter named, the receipt and sufficiency of which are hereby acknowledged, has ASSIGNED and CONVEYED and does by these presents GRANT, BARGAIN, SELL, TRANSFER, ASSIGN and CONVEY unto

NEWMARK AMERICAN PETROLEUM CORP., a Delaware corporation, qualified to do business in the State of Louisiana, having an office at Suite 307, 8989 Westheimer, Houston, Texas

the undivided interest set forth below in and to the oil, gas and mineral leases described in Exhibit "A" attached hereto covering lands in Lafourche Parish, Louisiana. The interests herein assigned are as follows:

All of Assignor's right, title and interest in the leases described in Exhibit "A", insofar but only insofar as said leases cover and affect all depths and formations from the surface to the base of the M Sand, which is defined as that sand or formation shown on the electric log of the McMoRan-Bintliff, Ayo No. 1 Well at the interval of 11,995 feet to 12,060 feet and all of Assignor's rights in and to the aforesaid Ayo No. 1 Well, and all of Assignor's share of the production therefrom, the leasehold or operating rights with respect thereto, and all of Assignor's interest in the equipment in and on the well, including but not limited to the pipe in the well, wellhead equipment, tanks, heaters, treaters, separators, and the salt water disposal well used in connection with the operation of the said Ayo No. 1 Well.

The interest herein assigned is assigned and accepted subject to:

(a) The terms, conditions and provisions of the leases described in Exhibit "A".

(b) All instruments of record in the Conveyance Records of Lafourche Parish, Louisiana affecting the leases and particularly

(i) Sublease dated December 19, 1969, executed by Davis Oil Co. in favor of McMoRan Exporation Company et al, recorded in Book 430, folio 349, and under Entry No. 324535 of the Conveyance Records of Lafourche Parish, Louisiana, which instrument is a sublease of the following:

4899A

(1) Sublease dated April 24, 1969, executed by Humble Oil & Refining Company in favor of Davis Oil Company, recorded in Book 411, folio 234, and under Entry No. 301584 of the Conveyance Records of Lafourche Parish, Louisiana; and

(2) Sublease dated April 24, 1969, executed by Humble Oil & Refining Company and Atlantic Richfield Company in favor of Davis Oil Company, recorded in Book 411, folio 241, and under Entry No. 310585.

(ii) Sublease dated December 19, 1969, executed by Davis Oil Company in favor of McMoRan Exploration Company et al, recorded in Book 430, folio 365, and under Entry No. 324536 of the Conveyance Records of Lafourche Parish, Louisiana.

(c) The following unrecorded instruments, copies of which have been furnished to the Assignee

(1) Letter agreement dated April 30, 1969, between Davis Oil Company and Bintliff, et al, as amended by letter between the same parties dated May 29, 1969, to which are attached and made a part thereof a farmout agreement between Humble Oil & Refining Company and Davis Oil Company dated December 17, 1968, and a farmout agreement between Sinclair Oil & Gas Company and Davis Oil Company dated November 18, 1968, and to the latter agreement is attached a joint operating agreement naming Davis Oil Company as operator (by letter dated September 30, 1969, McMoRan Exploration Company named operator).

(2) Gas Sales Contract dated October 17, 1966, between Sinclair Oil Corporation, Seller, and Humble Gas Transmission Company, Buyer.

(3) Gas Sales Contract dated October 17, 1967, between Humble Oil & Refining Company, Seller, and Humble Gas Transmission Company, Buyer.

(4) Gas Purchase Contract dated March 28, 1969, between Davis Oil Company and Texas Eastern Transmission Corporation.

(5) Letter agreement dated August 6, 1969, between McMoRan Exploration Company and David C. Bintliff relative to area of interest.

(6) Contract to Buy and Sell Oil and Gas Properties ("Contract between Flag-Redfern Oil Company and David C. Bintliff et al dated October 12, 1973, except for that portion of paragraph 6, page 11 thereof pertaining to obligation wells for which Assignee herein shall not bear any obligation or liability in connection therewith by its acceptance of this assignment.

1960A

Assignee acknowledges receipt of a copy of each of the above described leases and instruments and agrees to be bound by the terms thereof, and acknowledges that the interests herein assigned shall bear their proportionate part of all burdens with which the leases are burdened as shown by the above described instruments.

Assignee agrees that it shall not assign or transfer the whole or any part of the interest herein acquired unless the assignee or transferee shall be furnished a copy of this assignment and all instruments referred to herein, and in the instrument of conveyance the assignee shall acknowledge receipt of such instruments, agree to be bou thereby, and agrees that any further assignments by such assignee shall contain similar requirements.

Except as provided in the agreement mentioned in paragraph (6) above, this Assignment is without warranty of title, either express or implied, even to the return of the purchase price, but is with full transfer and subrogation of all rights and actions against all former owners of the property herein assigned. That is to say, Assignor herein grants unto Assignee the same benefits as to warranty of title as those set forth in said agreement. The interests herein assigned shall bear their proportionate part

of all overriding royalties and other burdens with which the leases are burdened as of this date as reflected by the Conveyance Records of Lafourche Parish, and the unrecorded instruments above mentioned.

1901A

This assignment shall be effective as of 7:00 o'clock a.m., local time, March 1, 1974. Accordingly Assignee shall not be entitled to receive the proceeds of production for any production prior to the effective date; and therefore Assignee shall not bear any costs, risk and expense attributable to the assigned interest incurred prior to the effective date. Assignee shall be entitled to its proportionate part of all production or the proceeds therefrom on and after the effective date and shall assume its proportionate part of all costs, risks and expense attributable to the assigned interest after the effective date.

This instrument, its terms and provisions shall be binding upon and inure to the benefit of the parties hereto, their respective successors and assigns, forever.

IN WITNESS WHEREOF, this instrument is executed on this 21st day of March, 1974, but effective as of the effective date set forth hereinabove.

WITNESSES:

F. Nunick

A. Gentile

INTERVENT, INC.

By _____
President

ATTEST:

_____
Secretary

WITNESSES:

_____

_____

NEWMARK AMERICAN PETROLEUM CORP.

By _____
President

ATTEST:

_____
Assistant Secretary

STATE OF NEW YORK

COUNTY OF NEW YORK

1902A

On this 16th day of March, 1974, before me appeared Richard C. Pistell, to me personally known, who, being by me duly sworn, did say that he is the President of INTERVENT, INC., and that said instrument was signed in behalf of said corporation by authority of its Board of Directors, and said Richard C. Pistell acknowledged said instrument to be the free act and deed of said corporation.

Frieda S. Nurick

Notary Public

Notary Public, State of New York
FRIEDA S. NURICK
No. 41-8166200
Qualified in Queens County
Commission Expires March 30, 1975

STATE OF TEXAS

COUNTY OF HARRIS

On this 21st day of March, 1974, before me appeared Arthur R. Klimchuk, to me personally known, who, being by me duly sworn, did say that he is the President of NEWMARK AMERICAN PETROLEUM CORP. and that said instrument was signed in behalf of said corporation by authority of its Board of Directors, and said Arthur R. Klimchuk acknowledged said instrument to be the free act and deed of said corporation.

Lynda L. Gibson

Notary Public

EXHIBIT "A"

Attached to and made a part of that Assignment of Undivided Interest in Oil, Gas and Mineral Leases executed by INTERVENT, INC. in favor of NEWMARK AMERICAN PETROLEUM CORP., dated March 21, 1974.

1903A

The below-described oil, gas and mineral leases cover lands in Lafourche Parish, Louisiana, and the recording references are to the Conveyance Records of said Parish. Said leases are affected hereby INSOFAR BUT ONLY INSOFAR as they cover and affect lands within the boundaries of that certain unit containing 80 acres for the McMoRan-Bintliff-Ayo Well No. 1, created by instrument dated January 29, 1970, effective as of the date of first production, recorded in counterparts in C.O.B. 427, Entry No. 321993; C.O.B. 427, Entry No. 321994; C.O.B. 427, Entry No. 322596; and C.O.B. 433, Entry No. 326789.

1. Lease dated April 29, 1966, between Dr. T. Benton Ayo, et al, as Lessor, and Humble Oil & Refining Company, as Lessee, covering 400.00 acres of land, more or less, located in Sections 31, 32 and 33, T-15-S, R-18-E, being recorded in Book 351, Folio 236, under Entry No. 259581.

2. Lease dated June 13, 1968, between Alido Folse Robichaux, et al, as Lessor, and Davis Oil Company, as Lessee, covering 60.00 acres of land, more or less, located in Sections 120 and 121, T-15-S, R-18-E, being recorded in Book 388, under Entry No. 296397.

3. Lease dated February 22, 1968, between Helen Rome Torris, as Lessor, and Davis Oil Company, as Lessee, covering 50.00 acres of land, more or less, located in Section 120, T-15-S, R-18-E, being recorded in Book 380, under Entry No. 288722.

4. Lease dated February 28, 1968, between Nancy Amato Konrad, Testamentary Executrix of the Succession of Jacob J. Amato, as Lessor, and Davis Oil Company, as Lessee, covering 50.00 acres of land, more or less, located in Section 120, T-15-S, R-18-E, being recorded in Book 382, under Entry No. 290711.

5. Lease dated November 18, 1966, between John P. Matranga, et ux, as Lessor, and Humble Oil & Refining Company, as Lessee, covering 40.00 acres of land, more or less, located in Section 31, T-15-S, R-18-E, being recorded in Book 363, under Entry No. 272031.

STATE OF LOUISIANA)
)
PARISH OF OUACHITA)

ASSIGNMENT OF UNDIVIDED INTEREST
IN OIL, GAS AND MINERAL LEASES

1904A

KNOW ALL MEN BY THESE PRESENTS that

INTERVENT, INC., a Delaware Corporation, qualified to do business in the State of Louisiana, having an office in Midland County, Texas at 303 Wall Towers West, Midland, Texas 79701 ("Assignor")

for and in consideration of the sum of TEN DOLLARS ($10.00) and other good and valuable consideration paid by Assignee hereinafter named, the receipt and sufficiency of which are hereby acknowledged, has ASSIGNED and CONVEYED and does by these presents GRANT, BARGAIN, SELL, TRANSFER, ASSIGN and CONVEY unto

NEWMARK AMERICAN PETROLEUM CORP., a Delaware corporation, qualified to do business in the State of Louisiana, having an office at Suite 307, 8989 Westheimer, Houston, Texas

the undivided interests set forth below in and to the oil, gas and mineral leases described in Exhibit "A" attached hereto covering lands in Ouachita Parish, Louisiana. The interests herein assigned are as follows:

(a) All of Assignor's right, title, and interest in and to the leases insofar and only insofar as said leases cover and affect lands lying in Sections 22, 23 and 26, T-18-N, R-2-E, and further insofar and only insofar as said leases cover and affect the Cotton Valley "D" Sand, Reservoir A, as defined in Order No. 904-A of the Department of Conservation of the State of Louisiana dated March 27,1973, effective March 22, 1973, which Order is recorded in Conveyance Book 994, page 112 of the Records of Ouachita Parish, Louisiana, and all of Assignor's right, title and interest in the following wells:

(1) Franks Petroleum Inc. - CV"D" RA SU G, R. V. Williams Well located in Section 22, T-18-N, R-2-E, and

(2) Franks Petroleum Inc. - DeLoache No. 1 Well located in Section 23, T-18-N, R-2-E,

and all of Assignor's interest in all equipment therein and thereon including but not limited to all pipe, wellhead equipment, tanks, separators, and gathering lines.

(b) All of Assignor's interest in leases described in Exhibit "A" not described immediately above, including all of Assignor's interest in the well located in Section 15, T-18-N, R-2-E, known and designated as the Franks Petroleum Inc., Hosston RA SU B, Saxon No. 1 Well, and all of Assignor's interest in the equipment in and on the well, including but not limited to the pipe, wellhead equipment, gathering lines, tanks, and separators.

The interests herein assigned are assigned and accepted subject to:

(a) The terms, provisions, and conditions of each of the leases described in Exhibit "A".

(b) The terms, provisions, and conditions of any assignments affecting the leases described in Exhibit "A" by which Assignor or his ancestors in title to the leases acquired the leases, which are recorded in the Conveyance Records of Ouachita Parish, Louisiana.

(c) Unrecorded letter agreement dated May 3, 1971, by and between Sklar and Phillips Oil Company and David C. Bintliff, as amended by an unrecorded letter dated May 20, 1971, to which is attached an operating agreement between the parties.

(d) Unrecorded agreement dated August ', 1971 by and between David C. Bintliff and Kenneth Franzheim, II.

(e) Unrecorded letter agreement dated December 19, 1971 by and between Sklar & Phillips Oil Company, et al and William E. Jarratt, as amended by an unrecorded letter agreement dated January 7, 1972, by and between William E. Jarratt, Sklar & Phillips Oil Co., David C. Bintliff, and Kenneth Franzheim, II.

(f) Unrecorded letter agreement dated October 30, 1972, by and between Sklar & Phillips Oil Company, David C. Bintliff, Kenneth Franzheim, II and Franks Petroleum, Inc. with respect to a farmout of interest in Section 26, T-18-N, R-2-E.

(g) Assignment from David C. Bintliff to Kenneth Franzheim, II, dated _____day of _____, 1973 which instrument may or may not be of record as of this date but which was executed in accordance with the letter agreement between the same parties of August 9, 1971.

(h) Assignments from Sklar & Phillips Oil Company, David C. Bintliff, and Kenneth Franzheim, II, to Franks Petroleum, Inc., effective on various dates, which assignments may

or may not be recorded but were executed in accordance with the provisions of the unrecorded letter agreements mentioned in subparagraphs (e) and (above. 1976A

(i) Gas Sale and Purchase Contract dated March 30, 1973, by and between David C. Bintliff, et al as Seller and Olinkraft, Inc., Buyer, the recording supplement of which is recorded under Entry No. 670814 of the Conveyance Records of Ouachita Parish, Louisiana.

(j) Order No. 904 of the Department of Conservation of the State of Louisiana dated March 27, 1973, creating units for the Hosston Formation, Reservoir A, which Order is recorded in Conveyance Book 994, page 109 of the Records of Ouachita Parish, Louisiana.

(k) Order No. 904-A of the Department of Conservation of the State of Louisiana dated March 27, 1973, creating units for the Cotton Valley "D" Sand, Reservoir A, which unit is recorded in Conveyance Book 994, page 112, of the Conveyance Records of Ouachita Parish, Louisiana.

(l) Contract to Buy and Sell Oil and Gas Properties ("Contract") between Flag-Redfern Oil Company and David C. Bintliff et al dated October 12, 1973, except for that portion of paragraph 6, page 11 thereof pertaining to obligation wells for which Assignee herein shall not bear any obligation or liability in connection therewith by its acceptance of this assignment.

Assignee acknowledges receipt of a copy of each of the above described leases and instruments and agrees to be bound by the terms thereof, and acknowledges that the interests herein assigned shall bear their proportionate part of all burdens with which the leases are burdened as shown by the above described instruments.

Except as provided in the Contract referred to in paragraph (l) above, this Assignment is without warranty of title, either express or implied, even to the return of the purchase price, but is with full transfer and subrogation of all rights and actions against all former owners of the property herein assigned. That is to say, Assignor herein grants unto Assignee the same benefits as to warranty of title as those set forth in said Contract.

Assignee takes cognizance of the terms and provisions of the various instruments referred to hereinabove and particularly the terms and provisions of the assignments into Franks Petroleum, Inc. referred to above, the latter instruments requiring that subsequent assignments by any party thereto refer to those assignments and instruments referred to therein and that Assignee agrees to be bound by all the terms and provisions thereof, be furnished with copies of the same, and acknowledges receipt of the same. Assignee by these presents acknowledges receipt of the instruments referred to in said assignments as well as the instruments referred to herein and agrees to be bound by the terms and provisions thereof including the provisions relative to further assignments.

This assignment shall be effective as of 7:00 o'clock a.m., local time, March 1, 1974. Accordingly Assignee shall not be entitled to receive the proceeds of production for any production prior to the effective date; and therefore Assignee shall not bear any costs, risk and expense attributable to the assigned interest incurred prior to the effective date. Assignee shall be entitled to its proportionate part of all production or the proceeds therefrom on and after the effective date and shall assume its proportionate part of all costs, risk and expense attributable to the assigned interest after the effective date.

This instrument, its terms and provisions shall be binding upon and inure to the benefit of the parties hereto, their respective successors and assigns, forever.

IN WITNESS WHEREOF, this instrument is executed on this 21st day of March, 1974, but

1968A

effective as of the effective date set forth hereinabove.

WITNESSES:

F. Nunick

A. Cantu

INTERVENT, INC.

By _____
President

ATTEST: _____
Secretary

WITNESSES:

_____

_____

NEWMARK AMERICAN PETROLEUM CORP.

By _____
President

ATTEST: _____
Assistant Secretary

STATE OF NEW YORK

COUNTY OF NEW YORK

1909A

On this 16th day of March, 1974, before me appeared Richard C. Pistell, to me personally known, who, being by me duly sworn, did say that he is the President of INTERVENT, INC., and that said instrument was signed in behalf of said corporation by authority of its Board of Directors, and said Richard C. Pistell acknowledged said instrument to be the free act and deed of said corporation.

Frieda S. Nemick

Notary Public

Notary Public, State of New York
FRIEDA S. NEMICK
No. 41-3166200
Qualified in Queens County
Commission Expires March 30, 1975

STATE OF TEXAS

COUNTY OF HARRIS

On this 21st day of March, 1974, before me appeared Arthur R. Klimchuk, to me personally known, who, being by me duly sworn, did say that he is the President of NEWMARK AMERICAN PETROLEUM CORP. and that said instrument was signed in behalf of said corporation by authority of its Board of Directors, and said Arthur R. Klimchuk acknowledged said instrument to be the free act and deed of said corporation.

Lynda L. Wilson

Notary Public

(Seal)

EXHIBIT "A"

Attached to and made a part of Assignment of Undivided Interest in Oil, Gas and Mineral Leases executed by Intervent, Inc. in favor of Newmark American Petroleum Corp.

1910A

The following Oil, Gas and Mineral Leases cover lands in Ouachita Parish, Louisiana, and the recording references are to the Conveyance Records of said Parish.

1. Lease dated September 8, 1970, executed by J. D. Antley, as Lessor, to M. W. Ethridge, as Lessee, recorded in Book 939, Page 581, under Register #626128, covering the N/2 of NE/4 of NW/4 of Section 22, Township 18 N, Range 2 E.

2. Lease dated November 5, 1968, executed by Harold R. Arlig, as Lessor, to W. A. Hunter, as Lessee, recorded in Book 911, under Register #605218, covering 34.35 acres, more or less, in Section 24, Township 18 N, Range 2 E, and in Section 19, Township 18 N, Range 3 E, described therein.

3. Lease dated September 6, 1968, executed by Jennie Etola Avant et al as Lessors, to W. A. Hunter, as Lessee, recorded in Book 911, under Register #605212, covering 260 acres, more or less, located in Sections 24 and 25, Township 18 N, Range 2 E, and in Sections 30 and 19, Township 18 N, Range 3 E, described therein.

4. Lease dated February 14, 1969, executed by Mrs. Mattie Avant et al, as Lessors, to W. A. Hunter, as Lessee, recorded in Book 914, Page 317, under Register #6072 covering 67 acres, more or less, in the SE/4 of Section 22, Township 18 N, Range 2 E, described therein.

5. Lease dated September 27, 1968, executed by John T. Bailey, as Lessor, to W. A. Hunter, as Lessee, recorded in Book 904, under Register #600468, covering Parcel No. 2 of Tract No. 5 of the Partition of the Estate of J. C. Avant, said tract of land is located in the SE/4 of SE/4 of Section 24, Township 18 N, Range 2 E, more fully described therein.

6. Lease dated September 15, 1970, executed by Viola Pierson Bailey, et al, as Lessor to M. W. Ethridge, as Lessee, recorded in Book 940, Page 157, under Register #626546, covering 2 acres, more or less, in the NW/4 of NE/4 of Section 23, Towns 18 N, Range 2 E, described therein.

7. Lease dated September 16, 1968, executed by Grace E. Barnes, et al, as Lessors, to W. A. Hunter, as Lessee, recorded in Book 904, under Register #600469, coverin that portion of the SW/4 of NW/4 of Section 24, lying North and East of Sheep or Steep Bayou; NW/4 of NE/4 of NW/4; S/2 of NE/4 of NW/4 and SE/4 of NW/4 of Section 24, Township 18 N, Range 2 E, 76 acres, more or less.

8. Lease dated September 15, 1970, executed by Vernon L. Batson, as Lessor, to M. W. Ethridge, as Lessee, recorded in Book 939, Page 992, under Register #6264 covering 4.2 acres, more or less, in Section 22, Township 18 N, Range 2 E, descri therein, as amended by Amendment to Oil, Gas and Mineral Lease dated September 1970, executed by Vernon L. Batson and M. W. Ethridge, recorded in Book 940, Pa 947, under Register #627303.

9. Lease dated May 10, 1971, executed by Lelia Cox Bayles, et al, as Lessor, to Sklar & Phillips Oil Co., as Lessee, recorded in Book 955, under Register #639347, covering the NE/4 of NW/4 of Section 23, Township 18 N, Range 2 E.

10. Lease dated July 2, 1970, executed by Lettie C. Blankenship, as Lessor, to M. W. Ethridge, as Lessee, recorded in Book 936, Page 478, covering 71 acres in Section 22, Township 16 N, Range 2 E, described therein.

1911A

11. Lease dated September 9, 1970, executed by Lavon Brewer, as Lessor, to M. W. Ethridge, as Lessee, recorded in Book 939, Page 597, under Register #626132, covering 9.914 acres, more or less, in the NW/4 of SE/4 of Section 22, Township 18 N, Range 2 E, described therein.

12. Lease dated October 1, 1968, executed by Clyde Houston Campbell et ux, as Lessors, to W. A. Hunter, as Lessee, recorded in Book 906, under Register #601349, covering 10 acres, more or less, in Section 19, Township 18 N, Range 3 E, described therein.

13. Lease dated December 10, 1969, executed by Bunnie Joe Carter, as Lessor, to Geo. E. Jinkins, as Lessee, recorded in Book 927, Page 169, under Register #616630, covering 1 acre, more or less, in the W/2 of NW/4 of NE/4 of Section 23, Township 18 N, Range 2 E, described therein.

14. Lease dated September 9, 1970, executed by Mixon N. Chandler, as Lessor, to M. W. Ethridge, as Lessee, covering 26.16 acres, more or less, in the SE/4 of SE/4 of Section 23, Township 18 N, Range 2 E, described therein, and recorded in Book 939, Page 577, under Register #626127.

15. Lease dated September 16, 1970, executed by Raymond L. Clark, as Lessor, to M. W. Ethridge, as Lessee, recorded in Book 940, Page 161, under Register #626547, covering the S/2 of N/2 of SE/4 of NE/4 lying West of the Chemiere and Drew Public Road (sometimes called Wales Road), containing 7.88 acres, more or less, in Section 22, Township 18 N, Range 2 E.

16. Lease dated July 2, 1970, executed by Clifton Coker, as Lessor, to M. W. Ethridge, as Lessee, recorded in Book 937, page 479, under Register #624452, covering the NE/4 of SW/4, less the North 5 acres thereof; and the E/2 of NW/4 of SW/4 of Section 22, Township 18 N, Range 2 E.

17. Lease dated September 16, 1970, executed by Billy Ray Coker, as Lessor, to M. W. Ethridge, as Lessee, covering the SE/4 of NE/4 of SE/4 of Section 21, and SW/4 of NW/4 of SW/4; E/2 of NW/4 of SW/4 and NE/4 of SW/4, less North 5 acres thereof, in Sec. 22, Township 18 N, Range 2 E, and recorded in Book 940, Page 9, under Register #626443.

18. Lease dated July 1, 1970, executed by Gerald Don Coker, as Lessor, to M. W. Ethridge, as Lessee, recorded in Book 936, Page 309, under Register #623527, covering the S/2 of NW/4 of NW/4 of SW/4, Section 22, and S/2 of NE/4 of NE/4 of SE of Section 21, Township 18 N, Range 2 E.

19. Lease dated July 1, 1970, executed by Richard Henry Coker, as Lessor, to M. W. Ethridge, as Lessee, recorded in Book 936, Page 305, under Register #623526, covering 34 acres, more or less, in Section 22, Township 18 N, Range 2 E, described therein.

20. Lease dated July 1, 1970, executed by Susie Coker, as Lessor, to M. W. Ethridge, as Lessee, recorded in Book 936, Page 313, under Register #623528, covering 9 acres, more or less, in Sections 21 and 22, Township 18 N, Range 2 E, described therein.

1. Lease dated June 30, 1970, executed by William Lee Cr[illegible], as Lessor, to M. W. Ethridge, as Lessee, recorded in Book 936, Page 301, under Register #623525, covering 103 acres, more or less, in Sections 21 and 22, Township 18 N, Range 2 E, described therein.

1912A

2. Lease dated August 20, 1970, executed by Malcolm L. Cooley, as Lessor, to A. Harris, as Lessee, recorded in Book 938, under Register #625294, covering 13.62 acres, more or less, in Sections 23 and 22, Township 18 N, Range 2 E, described therein.

3. Lease dated September 27, 1968, executed by Alfred M. Craft, as Lessor, to W. A. Hunter, as Lessee, recorded in Book 904, under Register #600470, covering 10 acres, more or less, in the SE/4 of SE/4 of Section 24, Township 18 N, Range 2 E, described therein.

4. Lease dated August 19, 1970, executed by Mrs. Cora J. Crawford, et al, as Lessor, to A. Harris, as Lessee, recorded in Book 938, under Register #625292, covering S/2 of SW/4 of SE/4 of SE/4 of Section 23, Township 18 N, Range 2 E.

5. Lease dated September 4, 1970, executed by Inez Williams Crawford, as Lessor, to M. W. Ethridge, as Lessee, recorded in Book 939, Page 573, under Register #626126, covering 18 acres, more or less, in the N/2 of SE/4 of Section 22, Township 18 N, Range 2 E, described therein.

6. Lease dated August 25, 1970, executed by Mertie Smith Crawford, as Lessor, to A. Harris, as Lessee, recorded in Book 938, under Register #625438, covering 4 acres, more or less, in the W/2 of SW/4 of NE/4 of Section 23, Township 18 N, Range 2 E, described therein.

7. Lease dated December 10, 1969, executed by Mrs. Mertie Smith Crawford et al, as Lessors, to Geo. E. Jinkins, as Lessee, recorded in Book 927, Page 164, under Register #616629, covering 3.82 acres in the W/2 of SW/4 of NE/4 of Section 23, Township 18 N, Range 2 E, described therein.

8. Lease dated May 10, 1971, executed by Buel T. Creech, Sr., as Lessor, to Sklar & Phillips Oil Co., as Lessee, recorded in Book 953, under Register #637785, covering 1 acre, more or less, located in NE/4 of SE/4 of Section 24, Township 18 N, Range 2 E, described therein.

9. Lease dated September 27, 1968, executed by Lee Blevins Cruse et ux, as Lessors, to W. A. Hunter, as Lessee, recorded in Book 906, under Register #601350, covering 5 acres, more or less, in the SE/4 of SE/4 of Section 24, Township 18 N, Range 2 E, described therein.

10. Lease dated October 1, 1968, executed by Cleo Deason et ux, as Lessors, to W. A. Hunter, as Lessee, recorded in Book 906, under Register #601352, covering 2 acres, more or less, in Section 19, Township 18 N, Range 3 E, described therein.

11. Lease dated June 21, 1968, executed by Cliff DeLouche, as Lessor, to W. A. Hunter, as Lessee, recorded in Book 900, under Register #596989, covering the SW/4 of SW/ of Section 23, Township 18 N, Range 2 E.

12. Lease dated March 10, 1969, executed by Mrs. Irene Drucilla Donald et al, as Lesso to W. A. Hunter, as Lessee, recorded in Book 914, Page 325, under Register #60725 covering 158 acres, more or less, in Sections 15, 22 and 23, Township 18 N, Range 2 E, described therein.

Lease dated May 3, 19[illegible] executed by Mrs. [illegible] et al, as Lessor, to Sklar & Phillips Oil Co., as Lessee, recorded in Book 955, under Register #637778, covering the W/2 of NW/4; SE/4 of NW/4 and the North 5 acres of the NE/4 of SW/4 of Section 22, Township 18 N, Range 2 E.

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Lease dated June 20, 1968, executed by Richard M. Drew, as Lessor, to W. A. Hunt as Lessee, recorded in Book 900, under Register #596987, covering the N/2 of NE/4 of Section 23, less and except that part of NW/4 of NE/4, lying West of the Monroe-Farmerville Road, containing 1/2 acre, more or less in said exception, in Township 18 N, Range 2 E.

5. Lease dated January 28, 1970, executed by Fae Everritt, to W. A. Hunter, recorded in Book 928, Page 777, under Register #617737, covering 20 acres, more or less, in the NW/4 of Section 19, Township 18 N, Range 3 E, described therein.

6. Lease dated September 15, 1970, executed by Argyle B. Fagan, as Lessor, to M. W. Ethridge, as Lessee, recorded in Book 939, Page 988, under Register #626433, covering 4.5 acres, more or less, in the NW/4 of SE/4 of Section 22, Township 18 N, Range 2 E, described therein.

7. Lease dated June 21, 1968, executed by Lillian Foster et vir, as Lessors, to W. A. Hunter, as Lessee, recorded in Book 900, under Register #596990, covering the N/2 of SW/4 of SE/4 of Section 23, Township 18 N, Range 2 E.

38. Lease dated June 1, 1971, executed by Lillian Foster et al, as Lessor, to Sklar & Phillips Oil Co., as Lessee, recorded in Book 953, under Register #637782, cover... 1.50 acres, more or less, located in SE/4 of SE/4 of Section 23, Township 18 N, Range 2 E, described therein.

39. Lease dated August 21, 1970, executed by L. E. Freeman, as Lessor, to A. Harris as Lessee, recorded in Book 938, under Register #625295, covering 6 acres, more or less, in the W/2 of SW/4 of NE/4 of Section 23, Township 18 N, Range 2 E, described therein.

40. Lease dated September 15, 1970, executed by James Edward Froust, as Lessor, to M. W. Ethridge, as Lessee, recorded in Book 939, Page 996, under Register #626... covering 6.6 acres, more or less, in the SW/4 of SE/4 of NE/4 and NW/4 of NE/4 ... SE/4 of Section 22, Township 18 N, Range 2 E, described therein.

41. Lease dated June 1, 1971, executed by Stephen G. Gilbert, as Lessor, to Sklar & Phillips Oil Co., as Lessee, recorded in Book 953, under Register #637781, covering the E/2 of NE/4 of NE/4 of Section 21, Township 18 N, Range 2 E.

42. Lease dated June 8, 1971, executed by William Morgan Gilliland et al, as Lessors, to Sklar & Phillips Oil Co., as Lessee, recorded in Book 956, Page 60, under Register #639763, covering the NW/4 of NE/4 and W/2 of NE/4 of NE/4 of Section 21, Township 18 N, Range 2 E.

43. Lease dated September 5, 1970, executed by Jerry L. Harrell et ux, as Lessors, to M. W. Ethridge, as Lessee, recorded in Book 939, under Register #626131, Page 593, covering 3 acres in the SE/4 of Section 22, Township 18 N, Range 2 E, described therein.

44. Lease dated January 19, 1970, executed by Walter Dan Mead, as Lessor, to M. W. Ethridge, as Lessee, recorded in Book 928, under Register #617425, covering 5 acres, more or less, in the SE/4 of SE/4 of Section 24, Township 18 N, Range 2 E, described therein.

45. Lease dated October 18, 1969, executed by Durwood S. Henry, as Lessor, to W. A. Hunter, as Lessee, recorded in Book 925, Page 185, under Register #615079, cover the E/2 of NW/4 of NW/4 of Section 24, Township 18 N, Range 2 E.

46. Lease dated October 18, 1969, executed by Charles H. Hodge, as Lessor, to W. A. Hunter, as Lessee, recorded in Book 925, Page 189, under Register #615080, cover 9 acres, more or less, in the E/2 of NW/4 of NE/4 of Section 24, Township 18 N, Range 2 E, described therein.

47. Lease dated November 18, 1969, executed by Mary Alice Henry Hoop et vir, as Lessors, to W. A. Hunter, as Lessee, recorded in Book 927, Page 139, under Register #616648, covering the W/2 of NW/4 of NW/4 of Section 24, Township 18 N, Range 2 E.

48. Lease dated May 6, 1971, executed by George Wesley Humphries, as Lessor, to Sklar & Phillips Oil Co., as Lessee, recorded in Book 953, under Register #637777, covering 2.06 acres, more or less, in the SW/4 of NE/4 of Section 22, Township 18 N, Range 2 E, described therein.

49. Lease dated June 26, 1968, executed by Mrs. Perla Beatrice Johnston, as Lessor, to W. A. Hunter, as Lessee, recorded in Book 900, under Register #596992, cover the NW/4 of SW/4 and S/2 of S/2 of S/W/4 of NW/4 of Section 23, Township 18 N, Range 2 E.

50. Lease dated May 4, 1971, executed by Ray Owen Joyner, as Lessor, to Sklar & Phillips Oil Co., as Lessee, recorded in Book 953, under Register #637768, covering 1.03 acres, more or less, located in the SW/4 of NE/4 of Section 22, Township 18 N, Range 2 E, described therein.

51. Lease dated October 8, 1968, executed by Devon Lewis, as Lessor, to W. A. Hunter, as Lessee, recorded in Book 906, under Register #601348, covering 5 acres, more or less, in the SE/4 of SE/4 of Section 24, Township 18 N, Range 2 E, described therein.

52. Lease dated May 19, 1971, executed by William Otis Martin, as Lessor, to Sklar & Phillips Oil Co., as Lessee, recorded in Book 953, under Register #637780, covering 1 acre, more or less, in SE/4 of NE/4 of Section 24, Township 18 N, Range 2 E, described therein.

53. Lease dated June 16, 1969, executed by Sam A. Marzula et ux, as Lessors, to W. A. Hunter, as Lessee, recorded in Book 925, Page 193, under Register #615081, covering the S/2 of S/2 of SW/4 of NW/4 of Section 23, Township 18 N, Range 2 E.

54. Lease dated June 25, 1968, executed by W. W. McDaniell, as Lessor, to W. A. Hunter, as Lessee, recorded in Book 900, under Register #596991, covering the W/2 of SE/4 of SW/4 of Section 23, Township 18 N, Range 2 E.

55. Lease dated July 2, 1968, executed by Julian B. McGee et al, as Lessors, to W. A. Hunter, as Lessee, recorded in Book 900, under Register #596994, covering 33.75 acres, more or less, located in Sections 23 and 26, Township 18 N, Range 2 E, described therein.

56. Lease dated October 7, 1968, executed by Daryl E. Miller et ux, as Lessor, to W. A. Hunter, as Lessee, recorded in Book 911, under Register #605215, covering the S/2 of SW/4 of NW/4 of Section 19, Township 18 N, Range 3 E, less and except 1 acre, [illegible]

57. Lease dated September 23, 1970, executed by Robert Louie Murphy, as Lessor, to M. W. Ethridge, as Lessee, recorded in Book 940, Page 943, under Register #627362, covering 4.50 acres, more or less, in the NW/4 of SE/4 of Section 22, Township 18 N, Range 2 E, described therein.

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58. Lease dated August 20, 1970 executed by S. M. Nolan, as Lessor, to A. Harris, as Lessee, recorded in Book 938, under Register #625293, covering 2 acres, more or less, in the SE/4 of SE/4 of NE/4 of Section 22, Township 18 N, Range 2 E, described therein.

59. Lease dated December 11, 1969, executed by Billy Ray Northcutt et ux, as Lessors, to Geo E. Jinkins, as Lessee, recorded in Book 927, Page 173, under Register #616631, covering 1.50 acres, more or less, in the NE/4 of NE/4 of NW/4 of Section 24, Township 18 N, Range 2 E, described therein.

60. Lease dated May 19, 1970, executed by Katherine Lee Purvis Osbon, as Lessor, to M. W. Ethridge, as Lessee, recorded in Book 934, Page 38, under Register #621756, covering the SE/4 of NE/4; the E/2 of SW/4 of NE/4, and NE/4 of SE/4 of Section 23, Township 18 N, Range 2 E.

61. Lease dated September 30, 1968, executed by J. Carl Parkerson, as Lessor, to W. A. Hunter, as Lessee, recorded in Book 904, under Register No. 600503, covering 81.50 acres, more or less, in Section 24, Township 18 N, Range 2 E, described therein.

62. Lease dated December 17, 1969, executed by Raymond Leon Patton et al, as Lessors, to W. A. Hunter, as Lessee, recorded in Book 928, Page 61, under Register #617280, covering 6-1/3 acres, more or less, in the NW/4 of NE/4 of Section 24, Township 18 N, Range 2 E, described therein.

63. Lease dated June 20, 1968, executed by Raymond R. Phillips, as Lessor, to W. A. Hunter, as Lessee, recorded in Book 900, under Register #596983, covering 20 acres more or less, in Section 23, Township 18 N, Range 2 E, described therein

64. Lease dated January 19, 1970, executed by James Oliver Purvis et ux, as Lessors, to M. W. Ethridge, as Lessee, recorded in Book 923, under Register #617426, covering the SE/4 of NE/4; NE/4 of SE/4; and E/2 of SW/4 of NE/4 of Section 23, Township 18 N, Range 2 E.

65. Lease dated January 19, 1970, executed by J. D. Purvis, et ux, as Lessors, to M. W. Ethridge, as Lessee, recorded in Book 928, under Register #617427, covering the SE/4 of NE/4, E/2 of SW/4 of NE/4, and NE/4 of SE/4 of Section 23, Township 18 N, Range 2 E.

66. Lease dated January 20, 1970, executed by John Richard Purvis, as Lessor, to M. W. Ethridge, as Lessee, recorded in Book 928, under Register #617422, covering the SE/4 of NE/4; NE/4 of SE/4, and E/2 of SW/4 of NE/4, of Section 23, Township 18 N, Range 2 E.

67. Lease dated February 14, 1969, executed by Clyde Wilson Ramsey, as Lessor, to W. A. Hunter, as Lessee, recorded in Book 914, under Register #607247, covering 35.70 acres, more or less, in the SW/4 of NE/4 of Section 22, Township 18 N, Range 2 E.

Lease dated May 4, 1971, executed by Donald L. Ramsey et ux, as Lessor, to Sklar & Phillips Oil Co., as Lessee, recorded in Book 953, Page 859, under Register #638031, covering 1.21 acres, more or less, located in SW/4 of NE/4 of Section 22, Township 18 N, Range 2 E, described therein.

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Lease dated May 18, 1971, executed by James H. Read as Lessor, to Sklar & Phillips Oil Co., as Lessee, recorded in Book 953, under Register #637778, covering 1 acre, more or less, in the NE/4 of SE/4 of Section 24, Township 18 N, Range 2 E, described therein.

Lease dated January 5, 1970, executed by Luther Rex Richardson, as Lessor, to W. A. Hunter, as Lessee, recorded in Book 923, Page 56, under Register #617279, covering 39.50 acres, more or less, in Section 19, Township 18 N, Range 3 E, and in Section 24, Township 18 N, Range 2 E, described therein.

Lease dated May 17, 1971, executed by Luther Rex Richardson, as Lessor, to Sklar & Phillips Oil Co., as Lessee, recorded in Book 953, under Register #637786, covering the East 3/4 of the S/2 of N/2 of SE/4 of NE/4 of Section 24, Township 18 N, Range 2 E.

Lease dated October 2, 1968, executed by Billy Joe Roan et ux, as Lessors, to W. A. Hunter, as Lessee, recorded in Book 906, under Register #601347, covering 5 acres, more or less, in the SE/4 of SE/4 of Section 24, Township 18 N, Range 2 E, described therein.

Lease dated October 23, 1968, executed by Roland L Robin et ux, as Less. to W. A Hunter, as Lessee, recorded in Book 911, under Register #605217, covering the S/2 of N/2 of SW/4 of NW/4 of Section 19, Township 18 N, Range 3 E.

Lease dated August 9, 1968, executed by Herbert L. Sanford, as Lessor, to W. A. Hunter, as Lessee, recorded in Book 906, under Register #601351, covering the NE/4 of SW/4 of Section 23, Township 18 N, Range 2 E.

5. Lease dated May 24, 1971, executed by Ronald Lee Sanford, as Lessor, to Sklar & Phillips Oil Co., as Lessee, covering 1.19 acres, more or less, in the S/2 of SE/4 of Section 23, Township 18 N, Range 2 E, and recorded in Book 953, under Register #637783, described therein.

6. Lease dated June 1, 1971, executed by A. C. Saxon, as Lessor, to Sklar & Phillips Oil Co., as Lessee, recorded in Book 953, under Register #637789, covering 84.52 acres, more or less, in Sections 21 and 15, Township 18 N, Range 2 E, described therein.

7. Lease dated February 14, 1969, executed by J. H. Schrader, as Lessor, to W. A. Hunter, as Lessee, recorded in Book 914, page 313, under Register #607248, covering the S/2 of NE/4 of NW/4 of Section 22, Township 18 N, Range 2 E.

8. Lease dated October 7, 1968, executed by Thomas P. Shepherd, as Lessor, to W. A. Hunter, as Lessee, recorded in Book 911, under Register #605216, covering 5 acres in the SE/4 of SE/4 of Section 24, Township 18 N, Range 2 E, described therein.

Lease dated June 26, 1968, executed by Irving L. Sills, as Lessor, to W. A. Hunter, as Lessee, recorded in Book 906, under Register #596693, covering the NW/4 of SW/4 of Section 23, Township 18 N, Range 2 E, less and except 12 acres described therein.

1917A

0. Lease dated July 2, 1970, executed by Howard C. Spence et ux, as Lessors, to M. W. Ethridge, as Lessee, recorded in Book 936, page 482, under Register #623698, covering 7 acres, more or less, in the SE/4 of SE/4 of Section 23, Township 18 N, Range 2 E, described therein.

1. Lease dated May 3, 1971, executed by Lois Arnold Stanford et vir as Lessor, to Sklar & Phillips Oil Co., as Lessee, recorded in Book 953, under Register #637787, covering 1 acre, more or less, located in the SE/4 of NE/4 of Section 24, Township 18 N, Range 2 E, described therein.

2. Lease dated December 10, 1968, executed by George A. Strozier, as Lessor, to W. A. Hunter, as Lessee, recorded in Book 911, under Register #605219, covering the NW/4 of SE/4 of Section 23, Township 18 N, Range 2 E.

3. Lease dated January 19, 1970, executed by Edward Beauregard Taylor, as Lessor, to M. W. Ethridge, as Lessee, recorded in Book 928, under Register #617423, covering 12 acres in the NW/4 of SW/4 of Section 23, Township 18 N, Range 2 E, described therein.

4. Lease dated December 1, 1969, executed by Mrs. Charlene McMinn Tedford, as Lessor, to W. A. Hunter, as Lessee, recorded in Book 927, Page 160, under Register #616623, covering 7 acres, more or less, in the NE/4 of NE/4 of NW/4 of Section 24, Township 18 N, Range 2 E, described therein.

5. Lease dated July 8, 1969, executed by John W. Tidwell, as Lessor, to W. A. Hunter, as Lessee, recorded in Book 919, Page 785, under Register #611133, covering the SE/4 of NW/4 of Section 23, Township 18 N, Range 2 E.

6. Lease dated May 6, 1971, executed by John W. Tidwell, as Lessor, to Sklar & Phillips Oil Co., as Lessee, recorded in Book 953, under Register #637779, covering .037 acre, more or less, in SW/4 of NE/4 of Section 23, Township 18 N, Range 2 E, described therein.

7. Lease dated July 2, 1970, executed by Rosalie C. Tidwell, as Lessor, to M. W. Ethridge, as Lessee, recorded in Book 936, page 486, under Register #623699, covering the NE/4 of SW/4, less the North 5 acres thereof; and the E/2 of NW/4 of SW/4 of Section 22, Township 18 N, Range 2 E.

8. Lease dated September 15, 1970, executed by Hal Andrews Wales, as Lessor, to M. W. Ethridge, as Lessee, recorded in Book 940, Page 1, under Register #626441, covering 30.12 acres, more or less, in Section 22, Township 18 N, Range 2 E, described therein.

9. Lease dated May 18, 1971, executed by Stanley Releford Wall, as Lessor, to Sklar & Phillips Oil Co., as Lessee, recorded in Book 953, under Register #637784, covering 1 acre, more or less, located in NW/4 of SE/4 of Section 24, Township 18 N, Range 2 E, described therein.

ease dated August 21, 1970, executed by Ralph Whitehead, as Lessor, to A. Hunter, Lessee, recorded in Book 938, under Register #625296, covering 4 acres, more less, in the W/2 of SW/4 of NE/4 of Section 23, Township 18 N, Range 2 E, scribed therein.

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ease dated October 1, 1968, executed by William L. Whittington, Jr., as Lessor, W. A. Hunter, as Lessee, recorded in Book 911, under Register #605214; Lease ted October 1, 1968, executed by T. N. Whittington, as Lessor, to W. A. Hunter, Lessee, recorded in Book 911, under Register #605213; Lease dated October 1, 68, executed by Nancy Elizabeth Whittington, et al as Lessors, to W. A. Hunter, Lessee, recorded in Book 905, under Register #601345, and Lease dated October 1968, executed by Sue Whittington Ogden, as Lessor, to W. A. Hunter, as Lessee, corded in Book 906, under Register #601346, all of said leases cover and affect the E/4 of SE/4 of Section 24, Township 18 N, Range 2 E, less and except two one acre ts.

ease dated September 5, 1970, executed by Perry E. Williams, as Lessor, to W. Ethridge, as Lessee, recorded in Book 939, Page 589, under Register 26130, covering 9 acres, more or less, in the NE/4 of SE/4 of Section 22, wnship 18 N, Range 2 E, described therein.

ease dated September 5, 1970, executed by R. V. Williams, as Lessor, to M. W. hridge, as Lessee, covering 32 acres, more or less, in the SE/4 of Section 22, wnship 18 N, Range 2 E, described therein, and recorded in Book 939, Page 585, der Register #626129.

ease dated February 14, 1969, executed by C. V. Wimberley et ux, as Lessors, to . A. Hunter, as Lessee, recorded in Book 914, Page 321, under Register #607256, vering 3 acres, more or less, in the N/2 of SE/4 of SE/4 of Section 22, Township N, Range 2 E, described therein.

- End of Exhibit "A" -

STATE OF LOUISIANA)
)
PARISH OF VERMILLON)

ASSIGNMENT OF UNDIVIDED INTEREST IN OIL, GAS AND MINERAL LEASE

1919A

KNOW ALL MEN BY THESE PRESENTS that

INTERVENT, INC., a Delaware corporation, qualified to do business in the State of Louisiana, having an office in Midland County, Texas at 303 Wall Towers West, Midland, Texas 79701 ("Assignor")

for and in consideration of the sum of TEN DOLLARS ($10.00) and other good and valuable consideration paid by Assignee hereinafter named, the receipt and sufficiency of which are hereby acknowledged, has ASSIGNED and CONVEYED and does by these presents GRANT, BARGAIN, SELL, TRANSFER, ASSIGN and CONVEY unto

NEWMARK AMERICAN PETROLEUM CORP., a Delaware corporation, qualified to do business in the State of Louisiana, having an office at Suite 307, 8989 Westheimer, Houston, Texas

the undivided interests set forth below in and to the oil, gas and mineral leases described below covering lands and water bottoms in Vermillon Parish, Louisiana, to-wit:

(1) State Lease No. 5674 dated May 17, 1971, executed by State Mineral Board of the State of Louisiana, Lessor, in favor of McCormick Properties, Inc., Lessee, recorded on Conveyance Book 709, folio 388, under File No. 206057, Records of Vermilion Parish, Louisiana, and in Conveyance Book 2172, folio 215, Records of East Baton Rouge Parish, Louisiana, covering Tract No. 11914 containing approximately 2,625 acres.

(2) Oil, Gas and Mineral Lease dated May 18, 1971, executed by Acadia Vermilion Rice Irrigating Company, Inc., in Liquidation, as Lessor, in favor of McCormick Properties, Inc., as Lessee, recorded in Conveyance Book 710, folio 339, under File No. 206244, Records of Vermilion Parish,

Louisiana, covering Tract No. 11B, containing approximately 2,625 acres.

The interests herein assigned in and to the above-described leases are as follows:

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(a) All of Assignor's right, title and interest in and to the above-described leases, insofar and only insofar as said leases cover and affect the leased premises as to depths and formations between:

(i) The base of that certain Miocene Sand the base of which is shown on the electric log of State Lease No. 5674 No. 1-A Well at a depth of 8,020 feet, and

(ii) The base of the Siphonia Davisi Sand, the base of which is shown on the electric log of the said No. 1-A Well at a depth of 11,470 feet.

(b) All of Assignor's right, title and interest in and to State Lease No. 5674 Well No. 1-A, the production therefrom, with like leasehold or operating rights with respect thereto, and all of Assignor's interest in the equipment, tanks, heaters, treaters, flow lines and platforms. (Assignor's interest in this well is an overriding royalty convertible after a certain payout retained in the assignment mentioned hereinafter to Terra Resources, Inc.)

(c) All of Assignor's right, title and interest in and to State Lease No. 5674 Wells No. 2, No.3, and No. 3-D, and all of Assignor's interest in the equipment in, on, or connected to the wells, including a like interest in and to all pipe in the wells, wellhead equipment, flow lines, tanks, separators, treaters, heaters, and platforms used in connection with operations on the wells.

The interest herein assigned is assigned and accepted subject to:

(a) The terms and provisions of that certain assignment dated August 23, 1972, executed by McCormick Properties, Inc. and David C. Bintliff, as assignors, in favor of Terra Resources, Inc., recorded in Book 741, folio 293, under Entry No.213200 of the Conveyance Records of Vermilion Parish, Louisiana.

(b) Joint Operating Agreement dated effective August 10, 1971, naming McCormick Oil & Gas Corporation as Operator, as amended.

(c) Gas Purchase Contract dated September 15, 1972, executed by McCormick Oil & Gas Corporation, Terra Resources, Inc. and David C. Bintliff, as Sellers, and Continental Oil Company, Buyer.

(d) Contract to Buy and Sell Oil and Gas Properties ("Contract") between Flag-Redfern Oil Company and David C. Bintliff et al dated October 12, 1973, except for that portion of paragraph 6, page 11 thereof pertaining to obligation wells for which

Assignee herein shall not bear any obligation or liability in connection therewith by its acceptance of this assignment.

Assignee acknowledges receipt of a copy of each of the above described leases and instruments and agrees to be bound by the terms thereof, and acknowledges that the interests herein assigned shall bear their proportionate part of all burdes with which the leases are burdened as shown by the above described instruments.

In addition thereto, the interests are assigned and accepted subject to all terms and provisions of any instruments duly recorded in the Conveyance Records of Vermilion Parish, Louisiana, and shall bear proportionately all overriding royalties and other burdens with which the leases are burdened as of this date. No subsequent assignment shall be made by iether party hereto or any assignee without reference to this instrument and the instruments referred to hereinabove, and the assignee therein shall acknowledge receipt of a copy of such instruments and agree to be bound by the terms and provisions thereof.

Except as provided in the Contract referred to in paragraph (d) above, this Assignment is without warranty of title, either express or implied, even to the return of the purchase price, but is with full transfer and subrogation of all rights and actions against all former owners of the property herein assigned. That is to say, Assignor herein grants unto Assignee the same benefits as to warrant of title as those set forth in said Contract.

This assignment shall be effective as of 7:00 o'clock a.m., local time, March 1, 1974. Accordingly Assignee shall not be entitled to receive the proceeds of production for any production prior to the effective date; and therefore Assignee shall not bear any costs, risk and expense attributable to the assigned interest

incurred prior to the effective date. Assignee shall be entitled to its proportionate part of all production or the proceeds therefrom on and after the effective date and shall assume its proportionate part of all costs, risk and expense attributable to the assigned interest after the effective date.

1922A

This instrument, its terms and provisions shall be binding upon and inure to the benefit of the parties hereto, their respective successors and assigns, forever.

IN WITNESS WHEREOF, this instrument is executed on this 21st day of March, 1974, but effective as of the effective date set forth hereinabove.

INTERVENT, INC.

WITNESSES:

F. Nivick

A. Conklin

By _____
President

ATTEST:

_____
Secretary

WITNESSES:

_____

_____

NEWMARK AMERICAN PETROLEUM CORP.

By _____
President

ATTEST:

_____
Assistant Secretary

STATE OF NEW YORK

COUNTY OF NEW YORK

1923A

On this 16th day of March, 1974, before me appeared Richard C. Pistell, to me personally known, who, being by me duly sworn, did say that he is the President of INTERVENT, INC., and that said instrument was signed in behalf of said corporation by authority of its Board of Directors, and said Richard C. Pistell acknowledged said instrument to be the free act and deed of said corporation.

Elveda S. Kinick
Notary Public

Qualified in Queens County
Commission Expires March 30, 1974

STATE OF TEXAS

COUNTY OF HARRIS

On this 21st day of March, 1974, before me appeared Arthur R. Klimchuk, to me personally known, who, being by me duly sworn, did say that he is the President of NEWMARK AMERICAN PETROLEUM CORP. and that said instrument was signed in behalf of said corporation by authority of its Board of Directors, and said Arthur R. Klimchuk acknowledged said instrument to be the free act and deed of said corporation.

Lynda L. Wilson
Notary Public

STATE OF LOUISIANA
PARISH OF VERMILION

I HEREBY CERTIFY THAT THE ABOVE AND FOREGOING IS A TRUE AND CORRECT COPY OF ORIGINAL FILED AND RECORDED ON Apr. 2 19 74 IN Conveyance BOOK 770 FOLIO 314 UNDER NUMBER 220227 RECORDS OF VERMILION PARISH, LOUISIANA.

IN FAITH WHEREOF WITNESS MY HAND AND SEAL OF OFFICE AT ABBEVILLE, LA., THIS 2nd DAY OF April 19 74

DY. CLERK AND RECORDER, VERMILION PARISH, LA.

INTERVENT, INC.
303 Wall Towers West
Midland, Texas

1924A

March 21, 1974

Newmark American Petroleum Corp.
Suite 307, 8989 Westheimer
Houston, Texas

Re: Reddell Field
Evangeline Parish, Louisiana

Gentlemen:

When accepted as hereinafter provided, this letter shall constitute a contract and agreement by and between Intervent, Inc. ("Intervent") and Newmark American Petroleum Corp. ("Newmark").

I.

Newmark has this day been furnished with and acknowledges the receipt of a copy of each of the following instruments:

a) Contract to buy and sell oil and gas properties, dated October 12, 1973 by and between David C. Bintliff et al and Flag-Redfern Oil Company ("Bintliff-Flag-Redfern Contract");

b) Letter agreement dated October 12, 1973 by and between David C. Bintliff and Flag-Redfern Oil Company relative to the Reddell Field, Evangeline Parish, Louisiana, ("Bintliff-Flag-Redfern Letter Agreement"); and

c) Letter agreement dated November 19, 1973 by and between Flag-Redfern Oil Company and Intervent, Inc.("Flag-Redfern-Intervent Agreement").

Pursuant to the provisions of the Bintliff-Flag-Redfern Contract, and the Bintliff-Flag-Redfern Letter Agreement, Flag-Redfern was assigned and is entitled to receive a

formal assignment of all of Bintliff's interest in certain oil, gas and mineral leases described therein. Under the terms of the Flag-Redfern-Intervent Agreement, Intervent was assigned and Intervent and its nominee is entitled to receive a formal assignment of an undivided 42% of the interest acquired by Flag-Redfern.

II.

For and in consideration of the sum of $10.00 and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, Intervent hereby assigns to Newmark all of the rights, titles and interests acquired by Intervent pursuant to the Flag-Redfern-Intervent Agreement and authorizes and directs Flag-Redfern Oil Company to assign to Newmark, as Intervent's nominee, the interest acquired by Intervent and to which it is entitled pursuant to the aforesaid agreement.

III.

This assignment is without warranty of title, either expressed or implied, even to the return of the purchase price, but is with full transfer and subrogation of all rights and actions against all former owners of the property herein assigned, including but not limited to the rights under the warranty provisions of the Bintliff-Flag-Redfern Contract.

IV.

This assignment is made and accepted subject to the terms, provisions and conditions of the instruments mentioned herein above and of the leases therein described and effected thereby, and Newmark assumes all obligations of Intervent with respect thereto, except as hereinafter provided.

V.

It is agreed by and between the parties hereto that Intervent shall bear and assume all costs, risks and expenses attributable to the interest herein assigned from the effective date

of the agreements between Bintliff and Flag-Redfern and until March 1, 1974 at 7 o'clock a.m. CDST, and Intervent shall be entitled to all proceeds of production attributable to such interest during said period. Newmark shall bear and assume all costs, risks and expenses attributable to the assigned interests on and after 7 o'clock a.m. CDST March 1, 1974, and shall be entitled to all production and the proceeds of the sale thereof attributable to such interest after said date. An accounting shall be made between the parties hereto to effectuate the intentions expressed by this paragraph at the earliest practicable date.

If the above and foregoing fully sets forth our agreement, please execute and return one copy of this agreement to the undersigned. Upon your execution of this agreement and the receipt by the undersigned of an executed copy, it shall be deemed that this letter constitutes an assignment with respect to the interest covered hereby, subject only to the accounting provided for in the next preceding paragraph, and Intervent agrees to execute any such additional instruments necessary where desirable, to effectuate the intentions of the parties as expressed herein although it is agreed that this letter constitutes an effective assignment between the parties hereto.

Very truly yours,
INTERVENT, INC.

Richard C. Pistell
President

AGREED AND ACCEPTED THIS 21st DAY
OF March, 1974
NEWMARK AMERICAN PETROLEUM CORP.

By _____
Arthur R. Klimchuk
President

Plaintiffs' Exhibit 14-7

STATE OF LOUISIANA)
PARISH OF VERMILION)

ASSIGNMENT OF UNDIVIDED INTEREST IN OIL, GAS AND MINERAL LEASE

1927A

KNOW ALL MEN BY THESE PRESENTS that

FLAG-REDFERN OIL COMPANY, a Delaware Corporation, qualified to do business in the State of Louisiana, with offices in Midland County, Texas, whose mailing address is P. O. Box 23, Midland, Texas 79701 ("Assignor")

for and in consideration of the sum of TEN DOLLARS ($10.00) and other good and valuable consideration paid by Assignee hereinafter named, the receipt and sufficiency of which are hereby acknowledged, has ASSIGNED and CONVEYED and does by these presents GRANT, BARGAIN, SELL, TRANSFER, ASSIGN and CONVEY unto

INTERVENT, INC., a Delaware Corporation, qualified to do business in the State of Louisiana, ("Assignee")

the undivided interests set forth below in and to the oil, gas and mineral leases described below covering lands and water bottoms in Vermilion Parish, Louisiana, to-wit:

(1) State Lease No. 5674 dated May 17, 1971, executed by State Mineral Board of the State of Louisiana, Lessor, in favor of McCormick Properties, Inc., Lessee, recorded in Conveyance Book 709, folio 388, under File No. 206057, Records of Vermilion Parish, Louisiana, and in Conveyance Book 2172, folio 215, Records of East Baton Rouge Parish, Louisiana, covering Tract No. 11914 containing approximately 2,625 acres.

(2) Oil, Gas and Mineral Lease dated May 12, 1971, executed by Acadia Vermilion Rice Irrigating Company, Inc., in Liquidation, as Lessor, in favor of McCormick Properties, Inc., as Lessee, recorded in Conveyance Book 710, folio 339, under File No. 206244, Records of Vermilion Parish, Louisiana, covering Tract No. 11914 containing approximately 2,625 acres.

The interests herein assigned in and to the above-described leases are as follows:

(a) An undivided forty-two percent (42%) of Assignor's right, title and interest in and to the above-described leases, insofar and only insofar as said leases cover and affect the leased premises as to depths and formations between:

(i) The base of that certain Miocene Sand the base of which is shown on the electric log of State Lease No. 5674 No. 1-A Well at a depth of 8,020 feet, and

(ii) The base of the Siphonia Davisi Sand, the base of which is shown on the electric log of the said No. 1-A Well at a depth of 11,470 feet.

1928A

(b) An undivided forty-two percent (42%) of Assignor's right, title and interest in and to State Lease No. 5674 Well No. 1-A, the production therefrom, with like leasehold or operating rights with respect thereto, and forty-two percent (42%) of Assignor's interest in the equipment in, on or connected to the well, including pipe, wellhead equipment, tanks, heaters, treaters, flow lines and platforms. (Assignor's interest in this well is an overriding royalty convertible after a certain payout retained in the assignment mentioned hereinafter to Terra Resources, Inc.)

(c) An undivided forty-two percent (42%) of Assignor's right, title and interest in and to State Lease No. 5674 Wells No. 2, No. 3, and No. 3-D, and an undivided forty-two percent (42%) of Assignor's interest in the production therefrom, leasehold or operating rights with respect thereto, and forty-two percent (42%) of Assignor's interest in the equipment in, on, or connected to the wells, including a like interest in and to all pipe in the wells, wellhead equipment, flow lines, tanks, separators, treaters, heaters, and platforms used in connection with operations on the wells.

The interest herein assigned is assigned and accepted subject to:

(a) The terms and provisions of that certain assignment dated August 23, 1972, executed by McCormick Properties, Inc. and David C. Bintliff, as assignors, in favor of Terra Resources, Inc., recorded in Book 741, folio 293, under Entry No. 213200 of the Conveyance Records of Vermilion Parish, Louisiana.

(b) Joint Operating Agreement dated effective August 10, 1971, naming McCormick Oil & Gas Corporation as Operator, as amended.

(c) Gas Purchase Contract dated September 15, 1972, executed by McCormick Oil & Gas Corporation, Terra Resources, Inc. and David C. Bintliff, as Sellers, and Continental Oil Company, Buyer.

(d) Contract to Buy and Sell Oil and Gas Properties between Assignor and David C. Bintliff et al dated October 12, 1973, except for that portion of paragraph 6, page 11 thereof pertaining to obligation wells for which Assignee herein shall not bear any obligation or liability in connection therewith by its acceptance of this assignment.

Assignee acknowledges receipt of a copy of each of the above described leases and instruments and agrees to be bound by the terms thereof, and acknowledges that the interests herein assigned shall bear their proportionate part of all burdens with which the leases are burdened as shown by the above described instruments; and, Assignee further agrees to bear and pay its proportionate part of all costs and expenses incurred by Assignor as the result of the Bintliff acquisition mentioned in paragraph (d) above, including interest from October 12, 1973, applicable to the amount paid by Assignee for this assignment.

In addition thereto, the interests are assigned and accepted subject to all terms and provisions of any instruments duly recorded in the Conveyance Records of Vermilion Parish, Louisiana, and shall bear proportionately all

overriding royalties and other burdens with which the leases are burdened as of this date. No subsequent assignment shall be made by either party hereto or any assignee without reference to this instrument and the instruments referred to hereinabove, and the assignee therein shall acknowledge receipt of a copy of such instruments and agree to be bound by the terms and provisions thereof.

Except as provided in the agreement mentioned in paragraph (d) above, this Assignment is without warranty of title, either express or implied, even to the return of the purchase price, but is with full transfer and subrogation of all rights and actions against all former owners of the property herein assigned. That is to say, Assignor herein grants unto Assignee the same benefits as to warranty of title as those set forth in said agreement. 19294

This assignment shall be effective as of 7:00 o'clock a.m., local time, August 1, 1973. Accordingly Assignee shall not be entitled to receive the proceeds of production for any production prior to the effective date; and therefore Assignee shall not bear any costs, risk and expense attributable to the assigned interest incurred prior to the effective date. Assignee shall be entitled to its proportionate part of all production or the proceeds therefrom on and after the effective date and shall assume its proportionate part of all costs, risk and expense attributable to the assigned interest after the effective date.

This instrument, its terms and provisions shall be binding upon and inure to the benefit of the parties hereto, their respective successors and assigns, forever.

IN WITNESS WHEREOF, this instrument is executed on this 17th day of November, 1973, but effective as of the effective date set forth hereinabove.

WITNESSES:

FLAG-REDFERN OIL COMPANY

President

ATTEST:

Asst. Secretary

INTERVENT, INC.

ATTEST:

Secretary

STATE OF TEXAS

COUNTY OF MIDLAND

1930A

On this 17th day of November, 1973, before me appeared John H. Redfern Jr., to me personally known, who, being by me duly sworn, did say that he is the President of FLAG-REDFERN OIL COMPANY and that said instrument was signed in behalf of said corporation by authority of its Board of Directors, and said John H. Redfern Jr. acknowledged said instrument to be the free act and deed of said corporation.

NOTARY PUBLIC * COUNTY OF MIDLAND * TEXAS

Sarah Vanderford
Notary Public

SARAH VANDERFORD - Notary Public
Midland County, Texas
My Commission Expires June 1, 1975

STATE OF TEXAS

COUNTY OF HARRIS

On this [illegible] day of [illegible], 1973, before me appeared [illegible], to me personally known, who, being by me duly sworn, did say that he is the [illegible] of INTERVENT, INC. and that said instrument was signed in behalf of said corporation by authority of its Board of Directors, and said [illegible] acknowledged said instrument to be the free act and deed of said corporation.

[illegible]
Notary Public

CAROLE LOTT
Notary Public in and for Harris County, Texas
My Commission Expires June 1, 19[illegible]

1931A

Plaintiffs' Exhibit 14-13

FLAG - REDFERN OIL COMPANY

Appraisal

of Certain

Producing Leasehold Interests

Owned by
David C. Bintliff, et al

As of
May 1, 1973

RYDER SCOTT COMPANY
PETROLEUM ENGINEERS
3700 ONE SHELL PLAZA HOUSTON, TEXAS 77002
CABLE ADDRESS: RYSCOT-HOUSTON (713) 228-8711

1932A

August 1, 1973

Mr. Byron H. Greaves, Production Manager
Flag-Redfern Oil Company
P. O. Box 23
Midland, Texas 79701

Dear Mr. Greaves:

In accordance with your request, we have completed an appraisal of certain producing leasehold interests of David C. Bintliff, et al, as of May 1, 1973. The results of the appraisal are summarized as follows:

Proved and Probable Reserve and Income Data
Producing Leasehold Interests
David C. Bintliff, et al
as of May 1, 1973

Proved and Probable	
Net Remaining Reserves	
Oil - Barrels	235,290
Condensate - Barrels	143,975
Gas - MMCF	12,866
Income Data	
Future Gross Income	$4,968,122
Deductions	664,418
Future Net Income	$4,303,704
Present Worth of the Future Net Income	$3,172,805
Proved	
Net Remaining Reserves	
Oil - Barrels	235,290
Condensate - Barrels	138,440
Gas - MMCF	12,593
Income Data	
Future Gross Income	$4,882,282
Deductions	656,726
Future Net Income	$4,225,556
Present Worth of the Future Net Income	$3,105,064

1933A

Probable Net Remaining Reserves	
Condensate - Barrels	5,535
Gas - MMCF	273

Income Data	
Future Gross Income	$ 85,840
Deductions	7,692
Future Net Income	$ 78,148

Present Worth of the Future Net Income $ 67,741

The future gross income is after consideration of the appropriate state production or severance taxes. The deductions include operating costs, recompletion costs and ad valorem taxes. The future net income is after all direct costs but is before deduction of state or federal income taxes or administrative overhead. The present worth of the future net income is based upon a discount rate of 8 percent per year compounded semi-annually and should not be construed as fair market value.

All gas is residue gas, after fuel and shrinkage losses, expressed at the pressure and temperature base established by the respective state.

The salvage value of existing equipment, which may be realized upon the termination of producing operations, has not been considered in this appraisal.

The current prices for oil and condensate have been used throughout the producing life of the appraised properties. The current price of gas has also been used throughout the producing life of the appraised properties except for those properties selling gas under contracts having price escalation clauses. In these cases, the price was escalated in accordance with the contract and is footnoted on the appropriate lease projection.

All basic data, such as interest data, product prices, etc., were furnished by David C. Bintliff, et al, and accepted as correct.

This appraisal includes producing or shut-in properties which are located in the states of Louisiana and Texas. The attached tables give projections of the future production and income for each individual lease annually for fifteen years, the fifteen year sub-total, the remainder thereafter and the total future. Each period shown in the projection represents a full year with the exception of 1973 which represents the period from May 1, 1973 to January 1, 1974.

1934A

We appreciate the opportunity of serving you. If we may be of further assistance in this matter, please advise.

Very truly yours,

RYDER SCOTT COMPANY
PETROLEUM ENGINEERS

Ronald A. Lenser

Ronald A. Lenser

Approved:

Raymond V. Crúce

Raymond V. Crúce
President

1935A

Plaintiffs' Exhibit 14-17

RECEIVED
APR 18 1974
OFFICE OF GENERAL COUNSEL

HAVENS, WANDLESS, STITT & TIGHE

BRITTON STITT (1889-1969)
A. TIGHE (1910-1969)
J. DICKSON
EDWARD 3
E. MURPHY, JR.
GLAVIN
T C. MATTHEWS, JR.
ORAM, JR.
A. MARRA
IDEL
RD P. COLCORD
MACKENTY
BROWN
E E. POSNER
P. SIDEL
TAYLOR
ANTHOLIS
BERGER, JR.
OUNSEL

99 PARK AVENUE
NEW YORK, N. Y. 10016
(212) 986-5550

ITT TELEX: 423059
CABLE: "OPHLAW"

April 15, 1974

BY HAND

Securities and Exchange Commission
Regional Office
26 Federal Plaza
New York, New York 10007

Att: Noah Block, Esq.

Re: SEC v. Robert L. Vesco, et al
72 Civ. 3001 (CES)

Gentlemen:

As counsel to Richard C. Pistell who has been subpoenaed as a witness on behalf of plaintiff in the above entitled action and whose deposition is to be taken on May 6, 1974, we voluntarily undertook to make available to you, in advance of the deposition, certain documents and material described in the "Attachment" to the referred to subpoena and having a direct or indirect bearing on the activities of Vencap Limited.

Accordingly, we hand you herewith Mr. Pistell's passport which was issued on February 14, 1969 and cancelled - and replaced by a new passport - issued on February 28, 1974. Mr. Pistell will have the latter with him when he appears as a witness on May 6, 1974.

Mr. Pistell has informed us that there neither are nor have there been "-diaries or calendars--" of the type contemplated by paragraph 3 of the aforesaid Attachment. However, he is now gathering and reviewing all relevant material (travel and hotel accommodations, etc.) in order that he be refreshed regarding his "whereabouts" and "meetings" during the period specified in the subpoena.

As to business transactions by Vencap and material called for by paragraphs 1 and 2 of the Attachment, we enclose copies of three agreements (two dated November 30, 1973 and the third dated March 15, 1974) pursuant to which Vencap acquired the exclusive rights to the importation into the United States of wines produced by the Turkish Wine Monopoly.

Since the business activities of Vencap are to be the principal subject as to which Mr. Pistell is to be deposed he has ordered that a financial statement of Vencap be prepared, as of the most current and practicable date. We look forward to submitting such statement to you on or before April 29, 1974.

We are endeavoring, together with Mr. Pistell, to gather all documents of the type referred to in paragraphs 1 and 2 of the Attachment with the view to presenting some or all thereof to you, to the extent possible, in advance of May 6, 1974.

Yours very truly,

James T. Glavin

JTG/ap

1937A

Plaintiffs' Exhibit 14-18

HAVENS, WANDLESS, STITT & TIGHE

AM BRITTON STITT (1898-1969)
ERT A. TIGHE (1910-1969)
OLL J. DICKSON
D F. EDWARDS
LES E. MURPHY, JR.
S T. GLAVIN
BERT C. MATTHEWS, JR.
C. ORAM, JR.
ED A. MARRA
SIEGEL
FORD P. COLCORD
E. MACKENTY
M. BROWN
ENCE E. POSNER
HEN P. SIDEL
G. TAYLOR
K. ANTHOLIS
B. BERGER, JR.
F COUNSEL

May 1, 1974

BY HAND

Securities and Exchange Commission
Regional Office
26 Federal Plaza
New York, N.Y. 10007

Attn: Noah Block, Esq.

Gentlemen:

Re: SEC v. Robert L. Vesco, et al
72 Civ. 5001 (CES)

I am enclosing a balance sheet of Vencap Limited at April 30, 1974, which has been prepared by Vencap's accountants.

There are also enclosed documents relating to the purchase and sale of 9 oil and gas leases by Intervent, Inc., a wholly owned subsidiary of Vencap Limited. An index (Schedule "A") to these documents is enclosed. An investment analysis ("Appraisal of Certain Producing Leasehold Interests") prepared by the Ryder Scott Company, petroleum consulting engineers, is also enclosed.

In addition to the foregoing oil and gas transactions and the Turkish wine concession transaction (as to which documents were supplied to you last week) relating to Paragraph 1 of the Attachment to the subpoena, there have been purchases and sale transactions in marketable securities. Also, the Out Island Airways Note (as to which you previously have been advised) has been paid. Schedules reflecting the foregoing transactions will be made available to you prior to the date of Mr. Pistell's appearance.

As regards paragraph 2 of the Attachment, Mr. Pistell has informed us that there are no such items other than three letters written or received by him in March and April of 1973 relating to the instant proceedings. Copies of two of said letters are enclosed. Although Mr. Pistell has informed us that he did not retain a copy of the third letter, he is trying to locate the letter and will forward a copy to you when he receives same.

Very truly yours,

James T. Glavin

Encs.

1939A

Plaintiffs' Exhibit 14-19

HAVENS, WANDLESS, STITT & TIGHE

SEC. AND EXCH. COMM.
N. Y. REGIONAL OFFICE
RECEIVED
MAY 3 1974
CORPORATE REGULATION

99 PARK AVENUE
NEW YORK, N. Y. 10016
(212) 986-5550

ITT TELEX: 423059
CABLE: "OPHLAW"

May 3, 1974

BY HAND

Securities and Exchange Commission
Regional Office
26 Federal Plaza
New York, New York 10007

Att: Noah Block, Esq.

Re: SEC v. Robert L. Vesco, et al
72 Civ. 5001 (CES)

Gentlemen:

In furtherance to the undertaking in my letter of May 1, 1974, there are delivered herewith two Schedules (A) and (B) which reflect all transactions in securities by Vencap since September, 1972 and through April 30, 1974. You will also find enclosed another Schedule (C) reflecting Vencap's securities position as of April 30, 1974.

With respect to Vencap's Balance Sheet heretofore submitted, we also hand you herewith a schedule containing a breakdown of the "Cash" item on the asset side of the Balance Sheet.

Yours very truly,

James T. Glavin

JTG/ap

VENCAP LIMITED STOCK TRANSACTIONS

isted or Traded Securities

1940A

A T E	Number of SHARES	S e c u r i t i e s	Bought	Sold
.-Nov. 1972	4,000	HCA Ind.	$ 73,236.35	
ct. 1972	400	Concept Inc.	4,000.00	
ov. 1972	900	Com.State Corp.	4,750.00	
ov. "	900	Com.State Corp.		$ 4,490.00
ov. "	400	Concept Inc.		5,642.50
ov. "	1,000	Bausch & Lomb	27,429.75	
ov. "	1,000	Recrion Corp.	28,561.50	
ov. "	2,400	Deltown Foods	47,267.50	
v. "	1,000	Amer.Broadcasting Corp.	76,004.00	
v. "	15,400	Com.State Corp.	77,812.50	
Nov. "	158,100	Lincoln American Corp.	650,878.44	
c. "	1,000	Amer.Broadcasting Corp.		71,956.54
c. "	4,000	HCA Ind.		81,521.83
c. "	2,400	Deltown Foods		46,969.73
c. "	1,000	Bausch & Lomb.		26,148.47
c. "	1,000	Recrion Corp.		26,533.62
. 1973	5,000	Rosario Resources	105,154.50	
. "	25,000	Stilfontein Gold Mining	73,785.52	
. "	5,000	Hartebeest Fontain Gold Mng	64,341.75	
. "	5,000	Lebanon Gold Mine	42,750.--	
. "	5,000	St. Heline Gold Mines	97,500.--	
. "	5,000	Varisystem	27,527.01	
ch "	5,000	Rosario Resources		111,610.04
- May "	5,000	Hartebeest Fontein		81,002.25
- May "	5,000	Lebanon Gold Mine		52,099.24

Listed or Traded Securities

1941A

DATE	Number of SHARES	Securities	Bought	Sold
h - May 1973	5,000	St. Heline Gold Mines		$ 105,250.00
- June "	25,000	Stilfontein Gold Mining		88,514.61
July "	5,000	Varisystem		9,048.62
- July "	75,000	Lonrho	$ 139,196.58	
July "	75,000	Lonrho		107,717.68
- Oct. "	46,400	Pamour Porcupine Mines	291,219.28	
- Sept. "	3,000	Belco Petroleum	33,809.26	
- Sept. "	15,400	Com. State Corp.		29,971.88
Sept. "	3,000	Belco Petroleum		38,460.83
- Nov. "	46,400	Pamour Porcupine Mines		240,267.46
- Nov. "	7,500	Lincoln American Corp.	21,139.36	
Nov. "	1,000	Holiday Inn	15,628.44	
Jan. 1974	1,000	Holiday Inn		12,609.66
Jan. "	25,000	Jorex	36,427.96	
March "	25,000	Jorex		16,941.88
March "	50,000	Lonrho	94,979.34	
April "	5,000	Universal Oil Products	76,151.58	

VENCAP LIMITED STOCK TRANSACTIONS

Nonlisted or Not Traded Securities

1942A

DATE	Number of Shares/Amount	Securities	Bought	Sold
Jan. 1973	$662,000	Out-Island Airways -9% Deb.	$ 662,000.--	
Jan. "	6,000	" " "	62,000.-- *	
Aug. "	$662,000	" " " "		$ 662,000.--

6,000 shares of Turks & Caicos Airways Limited were subsequently acquired upon surrender of these shares.

1943A

VENCAP LIMITED STOCK TRANSACTIONS

Securities Inventory

ber of Shares	Securities	Cost
65,600	Lincoln American Corp.	$ 672,017.80
50,000	Lonrho	94,979.34
5,000	Universal Oil Products	76,151.58
6,000	Turks & Caicos Airways Ltd.	62,000.00
		$ 905,148.72

1944A

April 30, 1974

VENCAP LIMITED

Cash

Time Deposits at Handelskredit Bank, Zurich	$ 1,305,000
Handelskredit Bank	10,000
Bank of Commerce (New York)	18,011
Bank of Nova Scotia (Bahamas)	9,945
	$ 1,342,956

PL Exhibit 14-22

PL Ex Partial 22 for ID

5/6/74 H

1945A

Plaintiffs' Exhibit 14-22

Intervent Inc.
303 Wall Towers West
Midland, Texas

Gentlemen:

This letter will serve to confirm our understanding regarding the purchase of the various oil and gas producing properties acquired by you from Flag-Redfern Oil Company ("Flag Redfern") as follows:

1. We will purchase from you all of the oil and gas producing properties acquired by you from Flag Redfern, which properties were in turn acquired by Flag Redfern from David C. Bintliff et al (the "Properties").

2. The purchase price for the Properties will be $1,100,000.

3. You will provide an accounting of the income from the Properties received or payable to you by Flag-Redfern since August 1, 1973. The total amount of such income shall be deducted from the purchase price.

4. A certified or cashier's check in the amount of the purchase price, less the amount of your income from the Properties, shall be delivered to you on or prior to March 7, 1974 against delivery to us of assignments in recordable form, which assignments shall be in the same form and shall contain the same terms as the assignments made to you by Flag Redfern. The assignments to us shall be effective August 1, 1973.

5. This agreement is subject to the approval of the Boards of Directors of both companies.

AGREED AND ACCEPTED:

INTERVENT INC.

By: _____
President

Yours very truly,

NEWMARK AMERICAN PETROLEUM CORP.

By: _____
President

1946A Plaintiffs' Exhibit 14-23

PLEDGE AGREEMENT

PLEDGE AGREEMENT as of November 15, 1973, between VENCAP LIMITED, Nassau, Bahamas, ("Ven-Cap"), and INTERCAPITAL N.V. Kerkstraat 8-B, Curacao, Netherlands Antilles ("Intercapital").

WHEREAS Intercapital is lending Intervent, Inc. a corporation organized under the laws of the State of Delaware, United States of America, ("Intervent"), Seven Hundred Thousand U.S. Dollars (U.S.$700,000), evidenced by a promissory note of Intervent (the "Note") for such amount; and

WHEREAS Ven-Cap is the owner of all of the authorized shares of Intervent; and

WHEREAS to induce Intercapital to make such loan Ven-Cap has agreed to pledge the shares of Intervent which it owns with Intercapital as security for the repayment of such loan.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto agree as follows:

1. Pledge. Ven-Cap hereby pledges and assigns to Intercapital 1,000 shares of the common stock of Intervent (the "Pledged Shares").

2. Security for Note. This Agreement is made and the Pledged Shares, assigned and pledged to secure the payment of the Note.

3. Dividends. During the term of this Agreement, and so long as Ven-Cap is not in default in the performance of any terms of this Agreement or in the payment of the principal or interest of the Note, all dividends paid on the Pledged Shares shall accrue to Ven-Cap or its designee.

4. Voting Rights. During the term of this Agreement and so long as Ven-Cap is not in default in the performance of any terms of this Agreement or in the payment of the principal or interest of the Note, all voting rights attached to the ownership of the Pledged Shares shall accrue to Ven-Cap or its designee.

5. Default. If Ven-Cap defaults in the performance of any of the terms of this Agreement or in the payment at maturity of the principal or interest of the Note, Intercapital shall have the right to sell, assign and deliver the whole or, from time to time, any part of the Pledged Shares, or any interest in any part thereof, at any private sale or at public auction for cash, on credit or for other property, and for such price or prices and on such terms as Intercapital may determine. Intercapital shall give Ven-Cap fifteen (15) days prior notice of the time and place of such sale. At any time up to 24 hours prior to the time of such proposed sale, Ven-Cap shall be entitled to redeem the Pledged Shares, provided that in the event of any such redemption, Ven-Cap shall reimburse Intercapital for all costs and expenses incurred

in connection with the redemption or the proposed sale. At any such sale Intercapital may bid for and purchase the whole or any part of the Pledged Shares so sold free from any right or equity of redemption. Intercapital shall apply the proceeds of any such sale, together with any other moneys at the time held by it hereunder, to the payment of the costs and expenses of such sale and then to the payment of the principal and interest due on the Note and shall pay any balance of such proceeds to Ven-Cap. In the event that the proceeds of any sale are insufficient to cover the principal and interest of the Note plus expenses of such sale, Ven-Cap shall remain liable to Intercapital for any deficiency.

6. Termination. Upon payment in full of the principal and interest on the Note, this Agreement shall terminate and Intercapital shall return and assign to Ven-Cap all of the Pledged Shares as have not theretofore been sold or otherwise applied pursuant to the provisions of this Agreement.

7. All notices and other communications hereunder shall be in writing and shall be mailed by registered or certified airmail, postage prepaid, addressed

a) if to Intercapital N.V., at
Kerkstraat 8-B
Curacao, Netherlands Antilles
(Attn. Dr. J. A. Schiltkamp)

b) if to Ven-Cap, Ltd., at
P. O. Box N-7776
Nassau, Bahamas

c) or to either party at such other address as such party from time to time may have designated by written notice to the other.

8. Assignment. This Pledge Agreement, and the Pledged Shares, may be assigned to a bank or lending institution.

9. Applicable Law. This Pledge Agreement, and the interpretation and performance thereof, shall be governed by the laws of the Bahamas.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day first above written.

INTERCAPITAL N.V.

By _____

VENCAP LIMITED

By _____

1950A

Plaintiffs' Exhibit 14-24

PLEDGE AGREEMENT as of November 15, 1973, between HANDELSKEDIT-BANK A.G., Talstrasse 82, 8001 Zurich, Switzerland (the "Bank"), and INTERCAPITAL N.V. ("Intercapital").

WHEREAS the Bank is lending Intercapital Seven Hundred Thousand U.S. Dollars (U.S.$700,000), evidenced by a promissory note of Intercapital (the "Note") for such amount; and pursuant to a Loan Agreement of even date; and

WHEREAS to induce the Bank to make such loan Intercapital has agreed to pledge certain stock with the Bank as security for the repayment of such loan.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto agree as follows:

1. Pledge. Intercapital hereby pledges and assigns to the Bank 1,000 shares of the common stock of Intervent, Inc. ("Pledged Shares").

2. Security for Note. This Agreement is made and the Pledged Shares, assigned and pledged to secure the payment of the Note.

3. Dividends. During the term of this Agreement, and so long as Intercapital is not in default in the performance of any terms of this Agreement or in the payment of the principal or interest of the Note, all dividends paid on the Pledged Shares shall accrue to Intercapital or its designee.

4. Voting rights. During the term of this Agreement and so long as Intercapital is not in default in the performance of any terms of this Agreement or in the payment of the principal or interest of the Note, all ~~dividends paid~~ voting rights on the Pledged Shares shall accrue to Intercapital or its designee.

5. Default. If Intercapital defaults in the performance of any of the terms of this Agreement or in the payment at maturity of the principal or interest of the Note, the Bank shall have the right to sell, assign and deliver the whole or, from time to time, any part of the Pledged Shares, or any interest in any part thereof, at any private sale or at public auction for cash, on credit or for other property, and for such price or prices and on such terms as the Bank may determine. The Bank shall give Intercapital fifteen (15) days prior notice of the time and place of such sale. At any time up to 24 hours prior to the time of such proposed sale, Intercapital shall be entitled to redeem the Pledged Shares, provided that in the event of any such redemption, Intercapital shall reimburse the Bank for all costs and expenses incurred in connection with the redemption or the proposed sale. At any such sale the Bank may bid for and purchase the whole or any part of the Pledged Shares so sold free from any right or equity of redemption. The Bank shall apply the proceeds of any such sale, together with any other moneys at the time held by it hereunder, to the payment of the costs and expenses of such sale and then to the payment of the principal and interest due on the Note and shall pay any balance of such proceeds to Intercapital. In the event that the proceeds of any sale are insufficient to cover the principal and interest of the Note plus expenses of such sale, Intercapital shall remain liable to the Bank for any d ficiency.

6. Termination. Upon payment in full of the principal and interest on the Note, this Agreement shall terminate and the Bank shall return and assign to Intercapital all of the Pledged

Shares as have not theretofore been sold or otherwise applied pursuant to the provisions of this Agreement.

7. All notices and other communications hereunder shall be in writing and shall be mailed by registered or certified airmail, postage prepaid, addressed

a) if to Intercapital N.V., at
Kerkstraat 8-B
Curacao, Netherlands Antilles
(Attn. Dr. J. A. Schiltkamp)

b) if to the Bank, at
HANDELSKREDIT-BANK A.G.
Telstrasse 82
8001 Zurich, Switzerland

c) or to either party at such other address as such party from time to time may have designated by written notice to the other.

8. Assignment. This Pledge Agreement, and the Pledged Shares, may be assigned to another bank or lending institution, as provided for in the aforesaid Loan Agreement.

9. Applicable Law. This Pledge Agreement, and the interpretation and performance thereof, shall be governed by Swiss law only.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day first above written.

INTERCAPITAL N.V.

By _____
per power of attorney

HANDELSKREDIT-BANK A.G.

By _____
per power of attorney
dated November 13, 1973

Plaintiffs' Exhibit 14-25

LOAN AGREEMENT

1953A

between

HANDELSKREDIT-BANK AG, Talstrasse 82, 8001 Zurich, Switzerland, acting for and on behalf of a third party,

(herinafter called "HKB")

and

INTERCAPITAL N.V., Kerkstraat 8-B, Curacao, Netherlands Antilles, (hereinafter called "Intercapital")

Whereas both parties agree to carry out in good faith their respective obligations, now therefore agree as follows:

Article 1

HKB agrees to grant a loan to Intercapital and Intercapital agrees to accept said loan in the amount of US$700,000.-- (seven hundred thousand US dollars). Intercapital is entitled to draw said amount in one or several instalments.

Article 2

The loan shall bear an interest rate of 9% p.a. (nine percent per annum), payable annually in arrears on the 15th day of November in each year. Such interest payments are only due on the amount/amounts outstanding. The rate of interest is subject to annual revision.

Article 3

The loan shall be granted for a total period of 5 years and shall be due on November 15, 1978. Intercapital is entitled to repay the loan in full or in part at any time before maturity, however, subject to a three months notice period or less by mutual agreement and a single penalty of one half of one percent on the principal amount after the first year.

Article 4

HKB has the right to assign any and all of its rights and/or obligations under this present agreement to any bank and/or lending institution, and thereby being released from any and all of its obligations stipulated in this present agreement.

Article 5

1954A

Intercapital collateralizes this present loan as follows:

a) Promissory Note in the amount of US$ 700'000.-- (in words: sevenhundred thousand US Dollars), covering the principal amount, as well as any and all accrued interest to the date of payment.

b) Securities: as per Pledge Agreement hereto attached.

Article 6

This present agreement shall be terminated upon payment in full of the principal amount together with accrued interest thereon, and shall be subject to and governed exclusively by Swiss Law. Any dispute arising out of this present agreement shall be subject to the exclusive jurisdiction of the competent Court of the City and Canton of Zurich, Switzerland; appeal to the Swiss Federal Supreme Court being expressly reserved.

Done on this 15th day of November, 1973.

For HANDELSKREDIT-BANK A.G.:

By _____
per power of attorney
dated November 13, 1973

For INTERCAPITAL N.V.:

By _____
per power of attorney

Enclosure: Pledge Agreement